IMPORTANT: You must read the following before continuing. The following applies to the prospectus following this page (the "**Prospectus**"), and you are therefore advised to read this carefully before reading, accessing or making any other use of the Prospectus. In accessing the Prospectus, you agree to be bound by the following terms and conditions, including any modifications to them any time you receive any information from us as a result of such access.

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

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

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 PROSPECTUS IN WHOLE OR IN PART IS UNAUTHORISED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS.

THE NOTES ARE NOT INTENDED TO BE SOLD AND SHOULD NOT BE SOLD TO RETAIL INVESTORS. PROSPECTIVE INVESTORS ARE REFERRED TO THE SECTION HEADED "*SUBSCRIPTION AND SALE – PROHIBITION OF SALE TO EEA RETAIL INVESTORS*" ON PAGE 298 BELOW FOR FURTHER INFORMATION.

This Prospectus has been delivered to you on the basis that you are a person into whose possession this Prospectus may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located. By accessing the Prospectus, you shall be deemed to have confirmed and represented to us that (a) you have understood and agree to the terms set out herein, (b) you consent to delivery of the Prospectus by electronic transmission, (c) you are not a U.S. person (within the meaning of Regulation S under the Securities Act) or acting for the account or benefit of a U.S. person and the electronic mail address that you have given to us and to which this email has been delivered is not located in the United States, its territories and possessions (including Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, Wake Island and the Northern Mariana Islands) or the District of Columbia and (d) if you are a person in the United Kingdom, then you are a person who (i) has professional experience in matters relating to investments or (ii) is a high net worth entity falling within Articles 49(2)(a) to (d) of the Financial Services and Markets Act (Financial Promotion) Order 2005.

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 neither SILK ROAD FINANCE NUMBER FIVE PLC, HSBC BANK PLC nor any person who controls them nor any director, officer, employee nor agent of them or affiliate of any such person accepts any liability or responsibility whatsoever in respect of any difference between the Prospectus distributed to you in electronic format and the hard copy version available to you on request from HSBC BANK PLC.

SILK ROAD FINANCE NUMBER FIVE PLC
(*Incorporated in England and Wales with limited liability, registered number* 12013410)

Class of Notes	Initial Principal Amount	Issue Price	Interest rate (payable before the Step-Up Date)	Interest Rate (payable from and including the Step-Up Date)	Ratings Moody's /Fitch	Final Maturity Date
Class A	£500,000,000	100.00%	0.85% margin above Compounded Daily SONIA	1.70% margin above Compounded Daily SONIA	Aaa(sf)/AAA(sf)	21 March 2067
Class B VFN	£82,784,000	100.00%	Compounded Daily SONIA	Compounded Daily SONIA	Unrated	21 March 2067
Class Z VFN	£14,669,600	100.00%	Compounded Daily SONIA	Compounded Daily SONIA	Unrated	21 March 2067

The Step-Up Date is the Interest Payment Date occurring in June 2024.

"**Issue Date**"	The Issuer will issue the Notes in the classes set out above on or about 9 July 2019 (the "**Closing Date**" or "**Issue Date**").
"**Stand alone/programme issuance**"	Stand alone issuance.
"**Underlying Assets**"	The Issuer will make payments on the Notes from, *inter alia*, payments of principal and revenue received from a portfolio comprising mortgage loans originated by The Co-operative Bank p.l.c. ("**The Co-operative Bank**", "**Co-op**", the "**Bank**" and the "**Originator**") sold by The Co-operative Bank p.l.c. (in its capacity as the seller (the "**Seller**") and secured over residential properties located in England and Wales (the "**Portfolio**") which will be purchased by the Issuer on the Closing Date, and, in the case of Further Advances, on the relevant Advance Date. Additional Loans may be purchased by the Issuer from the Seller on any Further Sale Date occurring during the Further Sale Period.
	See the sections entitled "*Transaction Overview – Portfolio and* Servicing", "*The Loans*" and "*Characteristics of the Provisional Portfolio*" for further details.
"**Credit Enhancement for the Class A Notes**"	• The subordination of the VFNs; • the availability of the General Reserve Fund; • during the Further Sale Period, the application of amounts standing to the Retained Principal Ledger to fund any Class A Target Amortisation Amount Shortfall; and • excess Available Revenue Receipts.

	See the sections entitled "*Transaction Overview − Credit Structure and Cashflow*" and "*Credit Structure*" for further details.
"**Liquidity Support**"	• The availability of the General Reserve Fund on and from the Closing Date. • The application in certain circumstances of Principal Receipts to provide for any Revenue Deficiency (as defined herein) in the Available Revenue Receipts. • Interest due and payable on the Class A Notes outstanding will not be deferred. Interest due and payable on the Class B VFN and the Class Z VFN may be deferred in accordance with the Conditions. See the sections entitled "*Transaction Overview − Credit Structure and Cashflow*" and "*Credit Structure*" for further details
"**Redemption Provisions**"	Information on any optional and mandatory redemption of the Notes is summarised on page 77 (*Transaction Overview − Summary of the Terms and Conditions of the Notes*) and set out in full in Condition 7 (*Redemption*) of the terms and conditions of the Notes (the "**Conditions**").
"**Rating Agencies**"	Moody's Investors Service Limited ("**Moody's**") and Fitch Ratings Ltd. ("**Fitch**" and together with Moody's the "**Rating Agencies**"). As of the date of this Prospectus, each of the Rating Agencies is a credit rating agency established in the European Union and is registered under Regulation (EU) No 1060/2009 (the "**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 the ("**ESMA**") on its website (at www.esma.europa.eu/page/list-registered-and-certified-CRAs). In general, European 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 and registered under the CRA Regulation unless the rating is provided by a credit rating agency operating in the European Union before 7 June 2010 which has submitted an application for registration in accordance with the CRA Regulation and such registration is not refused. All references to Moody's and Fitch in this Prospectus are to the entities defined in the above paragraph.
"**Credit Ratings**"	Ratings are expected to be assigned to the Class A Notes as set out above on or before the Closing Date. The VFNs will not be rated. The assignment of a rating to each Class of Notes is not a recommendation to invest in such Class of 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.
"**Listing**"	This document comprises a prospectus (the "**Prospectus**") for the purpose of Directive 2003/71/EC as amended (which includes the amendments made by Directive 2010/73/EU) (the "**Prospectus Directive**"). The Prospectus has been approved by the Central Bank

	of Ireland as competent authority under the Prospectus Directive. The Central Bank of Ireland only approves this Prospectus as meeting the requirements imposed under Irish and EU law pursuant to the Prospectus Directive. Such approval relates to the Class A Notes which are to be admitted to trading on a regulated market for the purposes of Directive 2014/65/EU (as amended, the **Markets in Financial Instruments Directive**" or "**MiFID II**") 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 the regulated market of Euronext Dublin. The regulated market of Euronext Dublin is currently a regulated market for the purposes of the Markets in Financial Instruments Directive. References in this Prospectus to Notes being listed (and all related references) shall mean that such Notes have been admitted to the Official List and to trading on the regulated market of Euronext Dublin.
"**Eurosystem Eligibility**"	On 6 September 2012 the European Central Bank (the "**ECB**") announced the temporary expansion of the list of assets eligible as collateral in Eurosystem credit operations and, pursuant to this, the Eurosystem will accept, on a temporary basis, marketable debt instruments denominated in pounds sterling and U.S. dollars (among other currencies) as foreign currency-denominated collateral. The Class A Notes are intended to be held in a manner which would allow Eurosystem eligibility; that is, in a manner which would allow such Notes to be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon satisfaction of the Eurosystem eligibility criteria and potential investors in the Notes should reach their own conclusions and seek their own advice with respect to whether or not the Notes constitute Eurosystem eligible collateral. See "*Risk Factors – Credit Structure – Eurosystem eligibility*" for further information.
"**Obligations**"	The Notes will be obligations of the Issuer alone and will not be guaranteed by, or be the responsibility of, any other entity named in the Prospectus.
"**Retention Undertaking**"	The Seller will retain on an on-going basis a material net economic interest of at least 5 per cent. of the nominal value of the securitised exposures by holding an interest in the Class B VFNs and Class Z VFNs which have a more severe risk profile than those transferred to investors, as required by Article 6(1) of Regulation (EU) 2017/2402 (the "**Securitisation Regulation**") (which does not take into account any corresponding relevant national measures and as interpreted and applied on the date hereof). Such retention requirement will be satisfied by The Co-operative Bank holding the first loss tranches in this case being the Class B VFN and the Class Z VFN in accordance with Article 6(3)(d) of the Securitisation Regulation. Any change to the manner in which such interest is held will be notified to the Noteholders.

	The Seller, as the sponsor under the final rules promulgated under Section 15G of the Securities Exchange Act of 1934, as amended (the "**U.S. Risk Retention Rules**"), does not intend to retain at least 5 per cent. of the credit risk of the Notes for the purposes of the U.S. Risk Retention Rules, but rather intends to rely on an exemption provided for in Section 20 of the U.S. Risk Retention Rules regarding non-U.S. transactions. Except with the prior written consent of The Co-operative Bank p.l.c. and where such sale falls within the exemption provided by Section 20 of the U.S. Risk Retention Rules, the Notes offered and sold by the Issuer may not be purchased by, or for the account or benefit of, any Risk Retention U.S. Person. None of the Security Trustee, the Note Trustee, the Arranger or any other party (apart from The Co-operative Bank p.l.c., as "Sponsor" for the purposes of the U.S. Risk Retention Rules) assumes any responsibility for the Sponsor's compliance with the U.S. Risk Retention Rules. See the risk factor entitled "*U.S. Risk Retention Requirements*" for further details.
"**Simple, Transparent and Standardised**"	Within 15 Business Days of the Closing Date, it is intended that a notification will be submitted to the European Securities and Markets Association ("**ESMA**"), in accordance with Article 27 of the Securitisation Regulation, that the requirements of Articles 19 to 22 of the Securitisation Regulation have been satisfied with respect to the Notes (such notification, the "**STS Notification**"). With respect to an STS Notification, the Seller has used the services of Prime Collateralised Securities (PCS) UK Limited ("**PCS**") as a verification agent authorised under Article 28 of the Securitisation Regulation in connection with an assessment of the compliance of the Notes with the requirements of Articles 19 to 22 of the Securitisation Regulation (the "**STS Verification**"). It is expected that the STS Verification prepared by PCS will be available on the PCS website (https://www.pcsmarket.org/sts-verification-transactions/) together with detailed explanations of its scope at https://www.pcsmarket.org/disclaimer. For the avoidance of doubt, this PCS website and the contents thereof do not form part of this Prospectus. For further information please refer to the Risk Factor entitled "*Simple, transparent and standardised securitisations*". The STS status of any series of notes is not static and prospective investors should verify the current status of such notes on ESMA's website.
"**Significant Investor**"	The Co-operative Bank p.l.c. ("**The Co-operative Bank**", "**Co-op**" or the "**Bank**") will, on the Closing Date, purchase all of the Class A Notes and all of the Class B VFN and all of the Class Z VFN and may, in relation to the Class A Notes, sell at a later date some or all of those Notes in the secondary market at variable prices (which may, in turn, affect the liquidity and price of the Notes in the secondary market). The Co-op may sell the Class A Notes in individually negotiated transactions at variable prices in the

	secondary market. Therefore, significant concentrations of holdings of the Notes are likely to occur.
"**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". Although other exclusions may be available to the Issuer, this view is based on the conclusion that the Issuer satisfies all the elements of the exemption from the definition of "investment company" in the Investment Company Act 1940 provided by Section 3(c)(5)(C) thereunder.
"**ERISA Considerations**"	The Notes (and any interest therein) may not be purchased or held by any "employee benefit plan" as defined in Section 3(3) of the U.S. Employee Retirement Income Security Act of 1974, as amended ("**ERISA**"), which is subject to Title I of ERISA, or any "plan" as defined in Section 4975 of the U.S. Internal Revenue Code of 1986, as amended (the "**Code**"), to which Section 4975 of the Code applies, or by any person any of the assets of whom are, or are deemed for purposes of ERISA or Section 4975 of the Code to be, assets of such an "employee benefit plan" or "plan", or by any governmental, church or non-U.S. plan which is subject to any federal, state, local or non-U.S. law or regulation that is substantially similar to the prohibited transaction provisions of Section 406 of ERISA or Section 4975 of the Code ("**Similar Law**"), and each purchaser of the Notes (or any interest therein) will be deemed to have represented, warranted and agreed that it is not, and is not acting on behalf of, and for so long as it holds the Notes (or any interest therein) will not be, and will not be acting on behalf of, such an "employee benefit plan", "plan", person or governmental, church or non-U.S. plan subject to Similar Law.

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

ARRANGER

HSBC

The date of this Prospectus is 9 July 2019.

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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 ORIGINATOR, THE ARRANGER, THE SERVICER, THE CASH MANAGER, THE ACCOUNT BANKS, THE CORPORATE SERVICES PROVIDER, THE BACK-UP SERVICER FACILITATOR, THE BACK-UP CASH MANAGER, THE AGENT BANK, THE REGISTRAR, THE VFN REGISTRAR, THE NOTE TRUSTEE, THE SECURITY TRUSTEE, THE CO-OPERATIVE BANK (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 ORIGINATOR, THE ARRANGER, THE SERVICER, THE CASH MANAGER, THE ACCOUNT BANKS, THE BACK-UP SERVICER FACILITATOR, THE AGENT BANK, THE REGISTRAR, THE VFN REGISTAR, THE NOTE TRUSTEE, THE SECURITY TRUSTEE, OR BY ANY PERSON OTHER THAN THE ISSUER.

THE CLASS A NOTES ARE INTENDED TO BE HELD IN A MANNER WHICH WOULD ALLOW EUROSYSTEM ELIGIBILITY. THIS MEANS THAT THE CLASS A NOTES ARE INTENDED UPON ISSUE TO BE DEPOSITED WITH A COMMON SAFEKEEPER FOR CLEARSTREAM, LUXEMBOURG AND EUROCLEAR AND DOES NOT NECESSARILY MEAN THAT THE CLASS A NOTES WILL BE RECOGNISED AS ELIGIBLE COLLATERAL FOR EUROSYSTEM MONETARY POLICY AND INTRA-DAY CREDIT OPERATIONS BY THE EUROSYSTEM ("**EUROSYSTEM ELIGIBLE COLLATERAL**") EITHER UPON ISSUE OR AT ANY OR ALL TIMES DURING THEIR LIFE. SUCH RECOGNITION WILL DEPEND UPON SATISFACTION OF THE EUROSYSTEM ELIGIBILITY CRITERIA. THE ISSUER GIVES NO REPRESENTATION, WARRANTY, CONFIRMATION OR GUARANTEE TO ANY INVESTOR IN THE CLASS A NOTES THAT THE CLASS A NOTES WILL, EITHER UPON ISSUE OR AT ANY TIME PRIOR TO REDEMPTION IN FULL, SATISFY ALL OR ANY OF THE REQUIREMENTS FOR EUROSYSTEM ELIGIBILITY AND BE RECOGNISED AS EUROSYSTEM ELIGIBLE COLLATERAL. ANY POTENTIAL INVESTOR IN THE CLASS A NOTES SHOULD MAKE THEIR OWN CONCLUSIONS AND SEEK THEIR OWN ADVICE WITH RESPECT TO WHETHER OR NOT THE CLASS A NOTES CONSTITUTE EUROSYSTEM ELIGIBLE COLLATERAL.

The Class A Notes will be represented on issue by a global note certificate in registered form (a "**Global Note**"). The Class B VFN and the Class Z VFN will each be issued in dematerialised registered form and no certificate evidencing entitlement to the Class B VFN or the Class Z VFN will be issued. The Class A Notes may be issued in definitive registered form under certain circumstances.

The Issuer will also maintain a register, to be kept on the Issuer's behalf by the VFN Registrar, in which the Class B VFN and the Class Z VFN will be registered in the name of the Class B VFN Holder and the Class Z VFN Holder respectively. Transfers of all or any portion of the interest in the Class B VFN and/or 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 SECURITY TRUSTEE, THE ORIGINATOR OR THE ARRANGER THAT THIS PROSPECTUS MAY BE LAWFULLY DISTRIBUTED, OR THAT THE NOTES MAY BE LAWFULLY OFFERED, IN COMPLIANCE WITH ANY APPLICABLE REGISTRATION OR OTHER REQUIREMENTS IN ANY SUCH JURISDICTION, OR PURSUANT TO AN EXEMPTION AVAILABLE THEREUNDER, AND NONE OF THEM ASSUMES ANY RESPONSIBILITY FOR FACILITATING ANY SUCH DISTRIBUTION OR OFFERING. IN PARTICULAR, SAVE FOR OBTAINING THE APPROVAL OF THIS PROSPECTUS AS A PROSPECTUS FOR THE PURPOSES OF THE PROSPECTUS DIRECTIVE BY THE CENTRAL BANK OF IRELAND, NO ACTION HAS BEEN OR WILL BE TAKEN BY THE ISSUER, THE SELLER, THE NOTE TRUSTEE, THE SECURITY TRUSTEE OR THE ARRANGER WHICH WOULD PERMIT A PUBLIC OFFERING OF THE NOTES OR DISTRIBUTION OF THIS PROSPECTUS IN ANY JURISDICTION WHERE ACTION FOR THAT PURPOSE IS REQUIRED.

ACCORDINGLY, THE NOTES MAY NOT BE OFFERED OR SOLD, DIRECTLY OR INDIRECTLY, AND NEITHER THIS PROSPECTUS NOR ANY ADVERTISEMENT OR OTHER OFFERING MATERIAL MAY BE DISTRIBUTED OR PUBLISHED, IN ANY JURISDICTION, EXCEPT UNDER CIRCUMSTANCES THAT WILL RESULT IN COMPLIANCE WITH ANY APPLICABLE LAWS AND REGULATIONS. PERSONS INTO WHOSE POSSESSION THIS PROSPECTUS COMES ARE REQUIRED BY THE ISSUER AND THE ARRANGER TO INFORM THEMSELVES ABOUT AND TO OBSERVE ANY SUCH RESTRICTIONS.

THE NOTES HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "**SECURITIES ACT**"), OR ANY STATE SECURITIES LAWS AND MAY NOT BE OFFERED, SOLD OR DELIVERED WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS (AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT ("**REGULATION S**")) ("**U.S. PERSONS**") EXCEPT PURSUANT TO AN EXEMPTION FROM , OR IN A TRANSACTION NOT SUBJECT TO, SUCH REGISTRATION REQUIREMENTS. FOR A DESCRIPTION OF CERTAIN RESTRICTIONS ON RESALES OR TRANSFERS, SEE "*TRANSFER RESTRICTIONS AND INVESTOR REPRESENTATIONS*".

EXCEPT WITH THE PRIOR WRITTEN CONSENT OF THE CO-OPERATIVE BANK P.L.C. AND WHERE SUCH SALE FALLS WITHIN THE EXEMPTION PROVIDED BY SECTION 20 OF THE U.S. RISK RETENTION RULES, THE NOTES OFFERED AND SOLD BY THE ISSUER MAY NOT BE PURCHASED BY, OR FOR THE ACCOUNT OR BENEFIT OF, ANY "U.S. PERSON" AS DEFINED IN THE U.S. RISK RETENTION RULES ("**RISK RETENTION U.S. PERSONS**"). PROSPECTIVE INVESTORS SHOULD NOTE THAT THE DEFINITION OF "U.S. PERSON" IN THE U.S. RISK RETENTION RULES IS SUBSTANTIALLY SIMILAR TO, BUT NOT IDENTICAL TO, THE DEFINITION OF "U.S. PERSON" IN REGULATION S. EACH PURCHASER OF NOTES, INCLUDING BENEFICIAL INTERESTS THEREIN, WILL BE DEEMED, AND IN CERTAIN CIRCUMSTANCES WILL BE REQUIRED, TO HAVE MADE CERTAIN REPRESENTATIONS AND AGREEMENTS, INCLUDING THAT IT (1) IS NOT A RISK RETENTION U.S. PERSON (UNLESS IT HAS OBTAINED THE PRIOR WRITTEN CONSENT OF THE CO-OPERATIVE BANK P.L.C.), (2) IS ACQUIRING SUCH NOTE OR A BENEFICIAL INTEREST THEREIN FOR ITS OWN ACCOUNT AND NOT WITH A VIEW TO DISTRIBUTE SUCH NOTE, AND (3) IS NOT ACQUIRING SUCH NOTE OR A BENEFICIAL INTEREST THEREIN AS PART OF A SCHEME TO EVADE THE REQUIREMENTS OF THE U.S. RISK RETENTION RULES. (INCLUDING ACQUIRING SUCH NOTE THROUGH A NON-RISK RETENTION U.S. PERSON, RATHER THAN A RISK RETENTION U.S. PERSON, AS PART OF A SCHEME TO EVADE THE 10 PER CENT. RISK RETENTION U.S. PERSON LIMITATION IN THE EXEMPTION PROVIDED FOR IN SECTION 20 OF THE U.S. RISK RETENTION RULES).

THE SELLER, AS THE SPONSOR UNDER THE U.S. RISK RETENTION RULES, DOES NOT INTEND TO RETAIN AT LEAST 5 PER CENT. OF THE CREDIT RISK OF THE NOTES FOR THE PURPOSES OF THE U.S. RISK RETENTION RULES, BUT RATHER INTENDS TO RELY ON AN EXEMPTION PROVIDED FOR IN SECTION 20 OF THE U.S. RISK RETENTION RULES REGARDING NON-U.S. TRANSACTIONS. SEE "*U.S. RISK RETENTION REQUIREMENTS*".

THE CO-OPERATIVE BANK P.L.C. ("**THE CO-OPERATIVE BANK**") AND EACH OTHER OR 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, THE NOTE TRUSTEE OR THE SECURITY TRUSTEE MAKES ANY REPRESENTATION TO ANY PROSPECTIVE INVESTOR OR PURCHASER OF THE NOTES REGARDING THE LEGALITY OF INVESTMENT THEREIN BY SUCH PROSPECTIVE INVESTOR OR PURCHASER UNDER APPLICABLE LEGAL INVESTMENT OR SIMILAR LAWS OR REGULATIONS.

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

THE CO-OPERATIVE BANK P.L.C. ACCEPTS RESPONSIBILITY FOR THE INFORMATION SET OUT IN THE SECTIONS HEADED "*THE CO-OPERATIVE BANK P.L.C.*", "*CERTAIN REGULATORY DISCLOSURES*", "*THE LOANS*" AND "*CHARACTERISTICS OF THE PROVISIONAL PORTFOLIO*". TO THE BEST OF THE KNOWLEDGE AND BELIEF OF THE CO-OPERATIVE BANK P.L.C. (HAVING TAKEN ALL REASONABLE CARE TO ENSURE THAT SUCH IS THE CASE), THE INFORMATION CONTAINED IN THE SECTIONS REFERRED TO IN THIS PARAGRAPH IS IN ACCORDANCE WITH THE FACTS AND DOES NOT OMIT ANYTHING LIKELY TO AFFECT THE IMPORT OF SUCH INFORMATION. NO REPRESENTATION, WARRANTY OR UNDERTAKING, EXPRESS OR IMPLIED, IS MADE AND NO RESPONSIBILITY OR LIABILITY IS ACCEPTED BY THE CO-OPERATIVE BANK AS TO THE ACCURACY OR COMPLETENESS OF ANY INFORMATION CONTAINED IN THIS PROSPECTUS (OTHER THAN AS REFERRED TO ABOVE) OR ANY OTHER INFORMATION SUPPLIED IN CONNECTION WITH THE NOTES OR THEIR DISTRIBUTION.

MAPLES FIDUCIARY SERVICES (UK) LIMITED ACCEPTS RESPONSIBILITY FOR THE INFORMATION SET OUT IN THE SECTION HEADED "*MAPLES FIDUCIARY SERVICES (UK) LIMITED*", WESTERN MORTGAGE SERVICES LIMITED ACCEPTS RESPONSIBILITY FOR THE INFORMATION SET OUT IN THE SECTION HEADED,

"*WESTERN MORTGAGE SERVICES LIMITED*", BNY MELLON CORPORATE TRUSTEE SERVICES LIMITED ACCEPTS RESPONSIBILITY FOR THE INFORMATION SET OUT IN THE SECTION HEADED "*THE NOTE TRUSTEE AND SECURITY TRUSTEE*" AND THE BANK OF NEW YORK MELLON, LONDON BRANCH ACCEPTS RESPONSIBILITY FOR THE INFORMATION SET OUT IN THE SECTION HEADED "*THE BANK OF NEW YORK MELLON, LONDON BRANCH*". TO THE BEST OF THE KNOWLEDGE AND BELIEF OF MAPLES FIDUCIARY SERVICES (UK) LIMITED, WESTERN MORTGAGE SERVICES LIMITED, BNY MELLON CORPORATE TRUSTEE SERVICES LIMITED AND THE BANK OF NEW YORK MELLON, LONDON BRANCH (HAVING TAKEN ALL REASONABLE CARE TO ENSURE THAT SUCH IS THE CASE), THE INFORMATION CONTAINED IN THE SECTIONS REFERRED TO IN THIS PARAGRAPH IS IN ACCORDANCE WITH THE FACTS AND DOES NOT OMIT ANYTHING LIKELY TO AFFECT THE IMPORT OF SUCH INFORMATION.

NO REPRESENTATION, WARRANTY OR UNDERTAKING, EXPRESS OR IMPLIED, IS MADE AND NO RESPONSIBILITY OR LIABILITY IS ACCEPTED BY THE CO-OPERATIVE BANK P.L.C., MAPLES FIDUCIARY SERVICES (UK) LIMITED, WESTERN MORTGAGE SERVICES LIMITED, HSBC BANK PLC, BNY MELLON CORPORATE TRUSTEE SERVICES LIMITED AND THE BANK OF NEW YORK MELLON, LONDON BRANCH 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.

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 OR THE SECURITY TRUSTEE, THE ORIGINATOR, THE ARRANGER OR ANY OF THEIR RESPECTIVE AFFILIATES OR ADVISERS. NEITHER THE DELIVERY OF THIS PROSPECTUS NOR ANY SALE OR ALLOTMENT MADE IN CONNECTION WITH THE OFFERING OF THE NOTES SHALL, UNDER ANY CIRCUMSTANCES, CREATE ANY IMPLICATION OR CONSTITUTE A REPRESENTATION THAT THERE HAS BEEN NO CHANGE IN THE AFFAIRS OF THE ISSUER OR THE SELLER OR IN THE OTHER INFORMATION CONTAINED HEREIN SINCE THE DATE HEREOF. THE INFORMATION CONTAINED IN THIS PROSPECTUS WAS OBTAINED FROM THE ISSUER AND THE OTHER SOURCES IDENTIFIED HEREIN, BUT NO ASSURANCE CAN BE GIVEN BY THE NOTE TRUSTEE, THE SECURITY TRUSTEE OR THE ARRANGER AS TO THE ACCURACY OR COMPLETENESS OF SUCH INFORMATION. NONE OF THE ARRANGER, THE NOTE TRUSTEE OR THE SECURITY TRUSTEE HAS SEPARATELY VERIFIED THE INFORMATION CONTAINED HEREIN. ACCORDINGLY, NONE OF THE NOTE TRUSTEE OR THE SECURITY TRUSTEE OR THE ARRANGER MAKES ANY REPRESENTATION, EXPRESS OR IMPLIED, OR ACCEPTS ANY RESPONSIBILITY, WITH RESPECT TO THE ACCURACY OR COMPLETENESS OF ANY OF THE INFORMATION IN THIS PROSPECTUS. IN MAKING AN INVESTMENT DECISION, INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE TERMS OF THIS OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. THE CONTENTS OF THIS PROSPECTUS SHOULD NOT BE CONSTRUED AS PROVIDING LEGAL, BUSINESS, ACCOUNTING OR TAX ADVICE. EACH PROSPECTIVE INVESTOR SHOULD CONSULT ITS OWN LEGAL, BUSINESS, ACCOUNTING AND TAX ADVISERS PRIOR TO MAKING A DECISION TO INVEST IN THE NOTES.

THIS PROSPECTUS DOES NOT CONSTITUTE AN OFFER OF, OR AN INVITATION BY OR ON BEHALF OF, THE ISSUER, THE SELLER, THE NOTE TRUSTEE, THE SECURITY

TRUSTEE 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 MAY BE SUBJECT TO ANY APPLICABLE WITHHOLDING TAXES WITHOUT THE ISSUER OR ANY OTHER PERSON BEING OBLIGED TO PAY ADDITIONAL AMOUNTS THEREFOR.

WITH RESPECT TO THE CLASS B VFN AND THE CLASS Z VFN, NO PROSPECTUS IS REQUIRED TO BE PUBLISHED FOR ANY PURPOSE UNDER THE PROSPECTUS DIRECTIVE AND THE CENTRAL BANK OF IRELAND HAS NEITHER APPROVED NOR REVIEWED INFORMATION CONTAINED IN THIS PROSPECTUS IN CONNECTION WITH THE CLASS B VFN OR THE CLASS Z VFN.

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

IN THIS PROSPECTUS ALL REFERENCES TO THE "**FINANCIAL CONDUCT AUTHORITY**" OR "**FCA**" ARE TO THE UNITED KINGDOM FINANCIAL CONDUCT AUTHORITY AND ALL REFERENCES TO THE "**PRUDENTIAL REGULATION AUTHORITY**" OR "**PRA**" ARE TO THE UNITED KINGDOM PRUDENTIAL REGULATION AUTHORITY WHICH IN EACH CASE BEFORE 1 APRIL 2013 WAS KNOWN AS THE FINANCIAL SERVICES AUTHORITY OR FSA.

Forward-Looking Statements and Statistical Information

Certain matters contained herein are forward-looking statements. Such statements appear in a number of places in this Prospectus, including with respect to assumptions on prepayment and certain other characteristics of the Loans, and reflect significant assumptions and subjective judgements by the Issuer that may not prove to be correct. Such statements may be identified by reference to a future period or periods and the use of forward-looking terminology such as "**may**", "**will**", "**could**", "**believes**", "**expects**", "**anticipates**", "**continues**", "**intends**", "**plans**" or similar terms. Consequently, future results may differ from the Issuer's expectations due to a variety of factors, including (but not limited to) the economic environment and regulatory changes in the residential mortgage industry in the United Kingdom. Moreover, past financial performance should not be considered a reliable indicator of future performance and prospective purchasers of the Notes are cautioned that any such statements are not guarantees of performance and involve risks and uncertainties, many of which are beyond the control of the Issuer.

This Prospectus also contains certain tables and other statistical analyses (the "**Statistical Information**") which have been prepared in reliance on information provided by the Issuer. Numerous assumptions have been used in preparing the Statistical Information, which may or may not be reflected in the material. As such, no assurance can be given as to the Statistical Information's accuracy, appropriateness or completeness in any particular context, or as to whether the Statistical Information and/or the assumptions upon which they are based reflect present market conditions or future market performance. The Statistical Information should not be

construed as either projections or predictions or as legal, tax, financial or accounting advice. The average life of or the potential yields on any security cannot be predicted, because the actual rate of repayment on the underlying assets, as well as a number of other relevant factors, cannot be determined. No assurance can be given that the assumptions on which the possible average lives of or yields on the securities are made will prove to be realistic.

None of the Note Trustee, the Security Trustee or the Arranger has attempted to verify any forward-looking statements or Statistical Information, nor does it make any representations, express or implied, with respect thereto. Prospective purchasers should therefore not place undue reliance on any of these forward-looking statements or Statistical Information. None of the Issuer, the Note Trustee, the Security Trustee or the Arranger assumes any obligation to update these forward-looking statements or Statistical Information or to update the reasons for which actual results could differ materially from those anticipated.

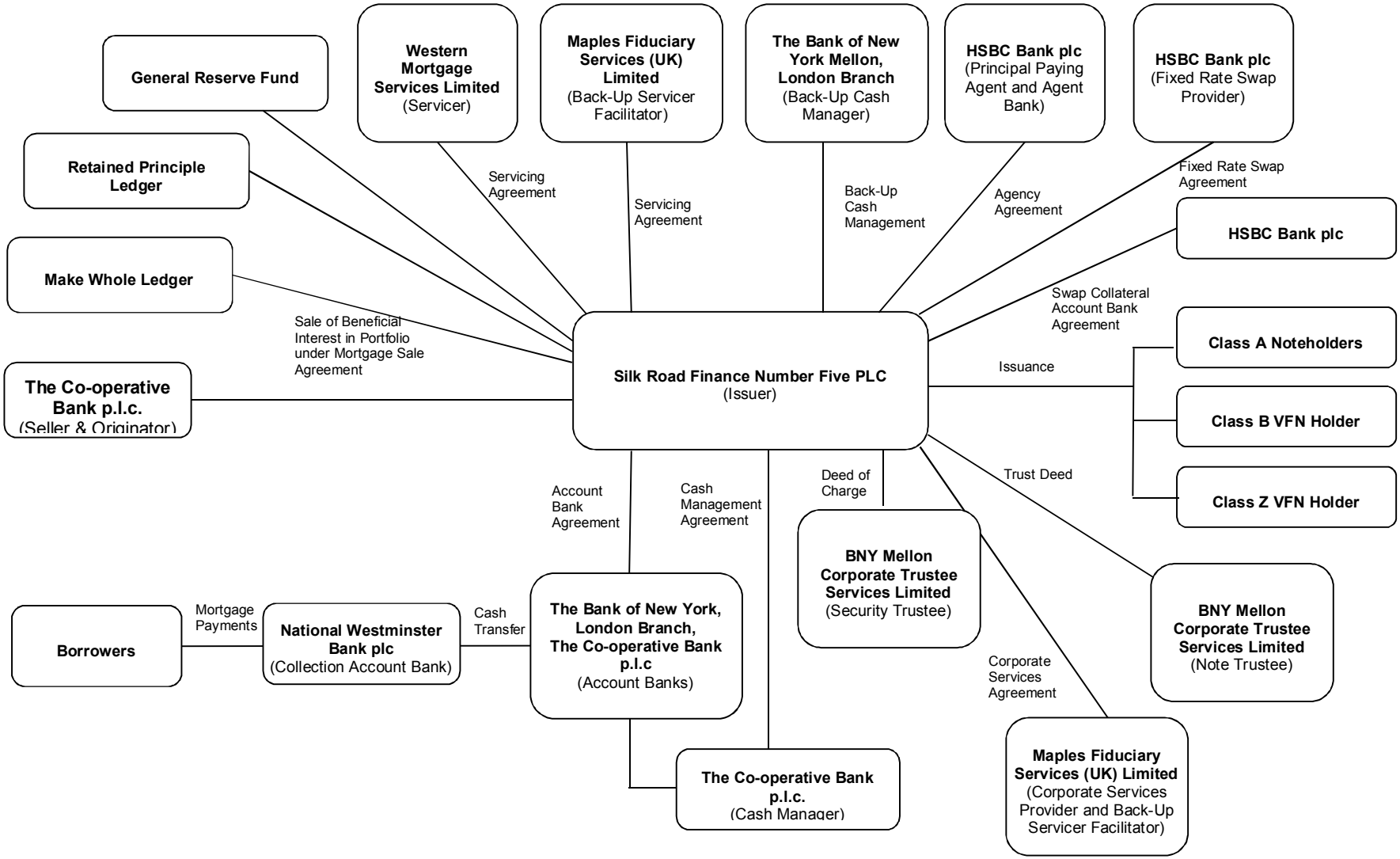
PRIIPs Regulation

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 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 MiFID II); or (ii) a customer within the meaning of Directive 2002/92/EC (as amended, "**Insurance Mediation Directive**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) a person who is not a qualified investor as defined in the Prospectus Directive. Consequently no key information document required by Regulation (EU) No 1286/2014 (as amended, the "**PRIIPs Regulation**") for offering or selling the notes or otherwise making them available to retail investors in the EEA 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 PRIIPs Regulation.

STRUCTURE DIAGRAMS

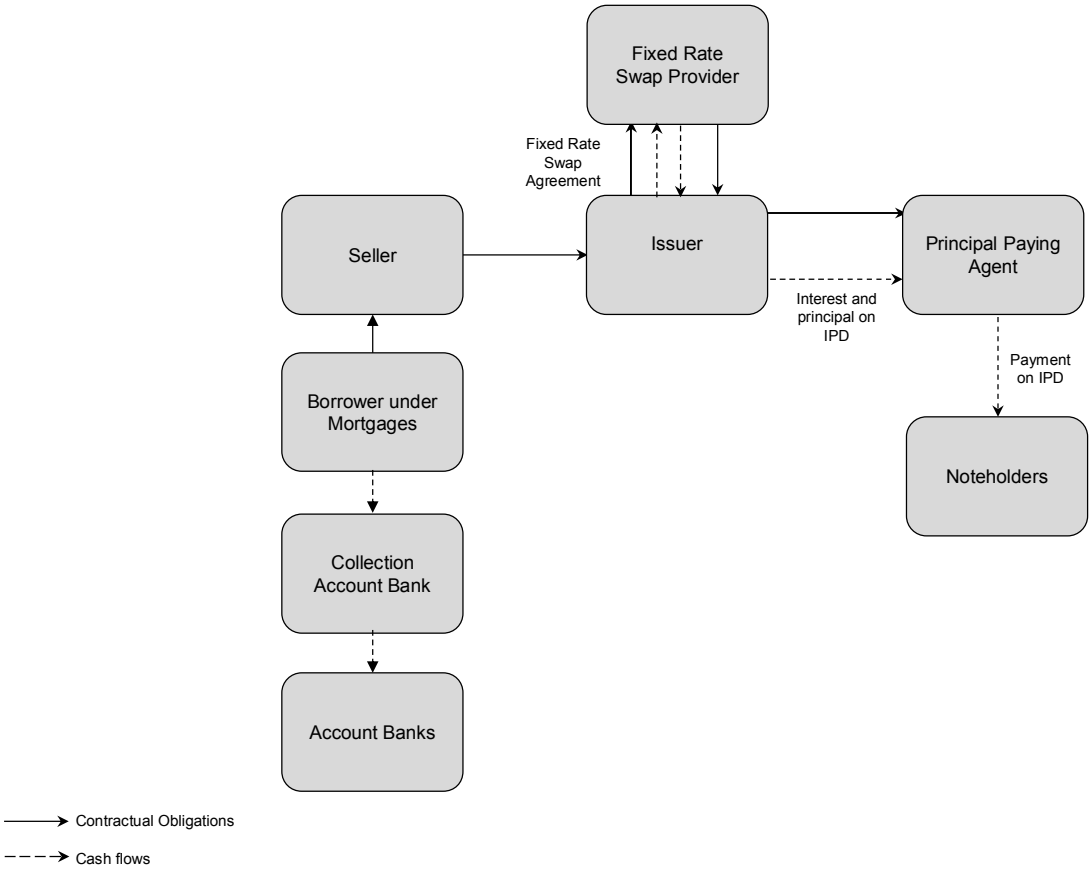
DIAGRAMMATIC OVERVIEW OF THE TRANSACTION

Figure 1 – Transaction Structure



DIAGRAMMATIC OVERVIEW OF ONGOING CASHFLOWS

Figure 2 – Cashflow Structure



OWNERSHIP STRUCTURE DIAGRAM OF THE ISSUER

Figure 3 – Ownership Structure

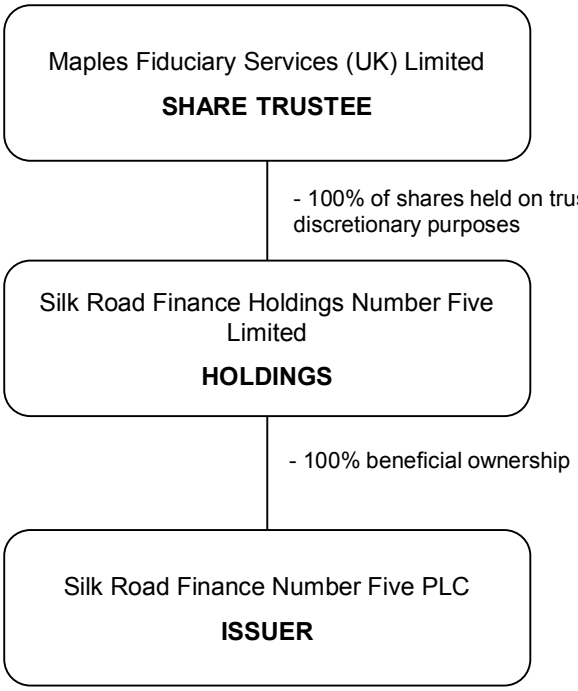


Figure 3 illustrates the ownership structure of the special purpose companies that are parties to the Transaction Documents, as follows:

- The Issuer is a wholly owned subsidiary of Holdings in respect of its beneficial ownership.
- The entire issued share capital of Holdings is held on trust by the Share Trustee under the terms of a trust the benefit of which is expressed to be for discretionary purposes.
- None of the Issuer, Holdings and the Share Trustee is either owned, controlled, managed, directed or instructed, whether directly or indirectly, by the Seller or any member of the group of companies containing the Seller.
- Holdings is not party to any Transaction Documents (other than the Master Definitions and Construction Schedule and the Corporate Services Agreement). Its role within the transaction is limited to holding the shares of the Issuer.

TRANSACTION OVERVIEW – TRANSACTION PARTIES

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

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

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

Party	Name	Address	Document under which appointed/Further Information
Issuer	Silk Road Finance Number Five PLC	11th Floor 200 Aldersgate Street London EC1A 4HD	See the section entitled "*The Issuer*" for further information.
Holdings	Silk Road Finance Holdings Number Five Limited	11th Floor 200 Aldersgate Street London EC1A 4HD	See the section entitled "*Holdings*" for further information.
Seller	The Co-operative Bank p.l.c.	1 Balloon Street Manchester M60 4EP	See the section entitled "*The Co-operative Bank p.l.c.*" for further information.
Servicer	Western Mortgage Services Limited	17 Rochester Row, London SW1P 1QT	Servicing Agreement by the Issuer, the Seller and the Security Trustee. See the section entitled "*Summary of the Key Transaction Documents – Servicing Agreement*" for further information.
Back-Up Servicer Facilitator	Maples Fiduciary Services (UK) Limited	11th Floor 200 Aldersgate Street London EC1A 4HD	Servicing Agreement by the Issuer, the Seller and the Security Trustee. See the section entitled "*Summary of the Key Transaction Documents – Servicing Agreement*" for further information.
Cash Manager	The Co-operative Bank p.l.c.	1 Balloon Street Manchester M60 4EP	Cash Management Agreement by, *inter alios*, the Issuer. See the section entitled "*Summary of the Key Transaction Documents – Cash Management Agreement*" for further information.
Back-Up Cash Manager	The Bank of New York Mellon, London Branch	One Canada Square, London E14 5AL	Back-Up Cash Management Agreement by, *inter alios*, the Issuer. See the section entitled "*Summary of the Key Transaction Documents – Cash Management*

			Agreement" for further information.
Fixed Rate Swap Provider	HSBC Bank plc	8 Canada Square London E14 5HQ	Fixed Rate Swap Agreement by the Issuer. See the section entitled "*Credit Structure – Interest Rate Risk*" for further information.
Account Banks	The Co-operative Bank p.l.c.	1 Balloon Street Manchester M60 4EP	The Co-op Bank Account Agreement by the Issuer and the Security Trustee. See the section entitled "*Summary of the Key Transaction Documents – The Co-op Bank Account Agreement*" for further information.
	The Bank of New York Mellon, London Branch	One Canada Square, London E14 5AL	The BNYM Bank Account Agreement by the Issuer and the Security Trustee. See the section entitled "*Summary of the Key Transaction Documents – The BNYM Bank Account Agreement*" for further information.
Security Trustee	BNY Mellon Corporate Trustee Services Limited	One Canada Square, London E14 5AL	Deed of Charge. See the "*Terms and Conditions of the Notes*" for further information.
Note Trustee	BNY Mellon Corporate Trustee Services Limited	One Canada Square, London E14 5AL	Trust Deed. See the "*Terms and Conditions of the Notes*" for further information.
Principal Paying Agent and Agent Bank	HSBC Bank plc	8 Canada Square, London E14 5HQ	Agency Agreement by the Issuer. See the "*Terms and Conditions of the Notes*" for further information.
Registrar	HSBC Bank plc	8 Canada Square, London E14 5HQ	In respect of the Class A Notes, the Agency Agreement, by the Issuer. See the "*Terms and Conditions of the Notes*" for further information.
VFN Registrar	The Co-operative Bank p.l.c.	1 Balloon Street Manchester M60 4EP	In respect of the Class B VFN and Class Z VFN, the Agency Agreement, by the Issuer. See the "*Terms and Conditions of the Notes*" for further information.
Corporate Services Provider	Maples Fiduciary Services (UK) Limited	11th Floor 200 Aldersgate Street London EC1A 4HD	Corporate Services Agreement by the Issuer and Holdings. See the section entitled "*Summary of the Key Transaction Documents – The Corporate Services Agreement*" for further information.
Share Trustee	Maples Fiduciary Services (UK) Limited	11th Floor 200 Aldersgate Street London EC1A 4HD	Share Trust Deed by the Share Trustee.

Collection Account Bank	National Westminster Bank Plc (the "**Collection Account Bank**")	135 Bishopsgate London EC2M 3UR	From the Closing Date, the obligations of the Collection Account Bank may be transferred from the Collection Account Bank to The Co-operative Bank or another bank appointed by the Servicer, subject to the satisfaction of certain conditions.
Originator	The Co-operative Bank p.l.c.	1 Balloon Street Manchester M60 4EP	See the section entitled "*The Co-operative Bank p.l.c.*" for further information.
Arranger	HSBC Bank plc ("**HSBC**")	8 Canada Square London E14 5HQ	Note Purchase Agreement. See the section entitled "*Subscription and Sale*" for further information.
Third Party Collection Agent	Platform Funding Limited	1 Balloon Street Manchester M60 4EP	Servicing Agreement by the Issuer, the Seller and the Security Trustee. See the section entitled "*Summary of the Key Transaction Documents – Servicing Agreement*" for further information.
Listing Agent	Walkers Listing Services Limited	5th Floor, The Exchange George's Dock, IFSC Dublin 1, Ireland	

RISK FACTORS

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

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

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

Credit Structure

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 The Co-operative Bank, Holdings, the Originator, the Seller, the Arranger, the Servicer, the Cash Manager, the Back-Up Servicer Facilitator, the Back-Up Cash Manager, the Back-Up Cash Manager Facilitator, the Corporate Services Provider, the Co-op Account Bank, the BNYM Account Bank, the Principal Paying Agent, the Agent Bank, the Collection Account Bank, the Registrar, the VFN Registrar, the Share Trustee, 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 by any person other than the Issuer.

Limited Source of Funds

The ability of the Issuer to meet its obligations to pay principal and interest on the Notes and its operating and administrative expenses will be dependent solely on receipts of principal, interest and fees from the Loans in the Portfolio, payments due from the Fixed Rate Swap Provider (if any), interest earned on the Co-op Deposit Account, the BNYM Deposit Account and any Replacement Deposit Account (the "**Deposit Accounts**", and any of them a "**Deposit Account**") and Authorised Investment income, and the availability of the General Reserve Fund (subject to application in accordance with the relevant Priority of Payments). 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. The recourse of the Noteholders to the Charged Property following service of a Note Acceleration Notice is described below (see further "*Security and insolvency considerations*" below).

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, interest and fees from the Borrowers under the Loans in the Portfolio, (b) payments due from the Fixed Rate Swap Provider (if any), (c) interest income on the Deposit Accounts, (d) income from Authorised Investments, (e) funds available in the General Reserve Fund and (f) during the Further Sale Period, and to the extent there is a Class A Target Amortisation Amount Shortfall, funds available in the Retained Principal Ledger (subject to application in accordance with the relevant Priority of Payments). Other than the foregoing, the Issuer is not expected to have any other funds available to it to meet its obligations under the Notes. Upon enforcement of the Security by the Security Trustee, if:

(a) there is no Charged Property remaining which is capable of being realised or otherwise converted into cash;

(b) all amounts available from the Charged Property have been applied to meet or provide for the relevant obligations specified in, and in accordance with, the provisions of the Deed of Charge; and

(c) there are insufficient amounts available from the Charged Property to pay in full, in accordance with the provisions of the Deed of Charge, amounts outstanding under the Notes,

then the Secured Creditors (which include the Noteholders) shall have no further claim against the Issuer or its directors, shareholders, officers or successors in respect of any amounts owing to them which remain unpaid (principally payments of principal and interest in respect of the Notes) and such unpaid amounts shall be deemed to be discharged in full and the Issuer's payment obligations 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 order of priority set out in 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 order of priority set out in the Deed of Charge.

Credit risk

The Issuer is subject to the risk of default in payment by the Borrowers and the failure by the Servicer, on behalf of the Issuer, to realise or recover sufficient funds under the arrears and default procedures in respect of a Loan and its Related Security in order to discharge all amounts due and owing by the relevant Borrowers under its Loan, which may adversely affect payments on the Class A Notes. This risk is mitigated to some extent in respect of the Notes by certain credit enhancement features which are described in the section entitled "*Credit Structure*". However, no assurance can be made as to the effectiveness of such credit enhancement features, or that such credit enhancement features will protect the Class A Noteholders from all risk of loss.

Liquidity risk

The Issuer is subject to the risk of insufficiency of funds on any Interest Payment Date as a result of payments being made late by Borrowers (if, for example, such payment is made after the end of the Collection Period immediately preceding the Interest Payment Date). This risk is addressed in respect of the Class A Notes by the provision of liquidity from alternative sources as described in the section entitled "*Credit Structure*". However, no assurance can be made as to the effectiveness of such

liquidity features, or that such liquidity features will protect the Class A Noteholders from all risk of loss.

Subordination of the Class B VFN and the Class Z VFN

The subordination of the Class B VFN and the Class Z VFN is described in "*Cashflows – Application of Available Revenue Receipts prior to the service of a Note Acceleration Notice on the Issuer*", "*Cashflows – Application of Available Principal Receipts prior to the service of a Note Acceleration Notice on the Issuer*" and "*Cashflows – Distribution of Available Principal Receipts and Available Revenue Receipts following the service of a Note Acceleration Notice on the Issuer*".

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

Revenue and Principal Deficiency

If, on any Interest Payment Date, as a result of shortfalls in Available Revenue Receipts (including, for the avoidance of doubt, the General Reserve Fund) relative to interest due on the Class A Notes and amounts ranking in priority to the payment of interest on the Class A Notes (i.e. items (a) to (f) inclusive of the Pre-Acceleration Revenue Priority of Payments), there is a Revenue Deficiency, then subject to certain conditions set out in the section entitled "*Credit Structure*", the Issuer may apply Principal Receipts (if any) to cure such Revenue Deficiency. In this event, the consequences set out in the following paragraph may result.

Losses on the Portfolio and application of any Principal Receipts to meet a Revenue Deficiency will be recorded (a) first, to the Class B Principal Deficiency Sub-Ledger up to an amount equal to the Class B Principal Deficiency Limit and (b) second, to the Class A Principal Deficiency Sub-Ledger up to an amount equal to the Principal Amount Outstanding of the Class A Notes then outstanding.

It is expected that during the course of the life of the Notes, principal deficiencies will be recouped from Available Revenue Receipts (including, in the case of debits recorded on the Class A Principal Deficiency Sub-Ledger, amounts standing to the credit of the General Reserve Fund). Available Revenue Receipts will be applied, after meeting prior ranking obligations as set out under the relevant Priority of Payments, as a credit to the Principal Deficiency Ledger. Where a credit entry is made on the Principal Deficiency Ledger, such credit shall be applied to: first, the Class A Principal Deficiency Sub-Ledger, and second (excluding amounts to be credited to the General Reserve Ledger), the Class B Principal Deficiency Sub-Ledger.

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

- the interest and other net income of the Issuer may not be sufficient, after making the payments to be made in priority thereto, to pay, in full or at all, interest due on the Class A Notes; and

- there may be insufficient funds to repay the Class A Notes on or prior to the Final Maturity Date of such Class of Notes unless the other net income of the Issuer is sufficient, after making other payments to be made in priority thereto, to reduce to nil the balance on the Class A Principal Deficiency Sub-Ledger.

Interest Rate Risk

99.80 per cent. (by Current Balance) of Loans in the Provisional Portfolio are currently subject to fixed interest rates, which may revert to either a Base Rate Tracker Mortgage or an SVR Mortgage

after a fixed period. A small proportion of the Loans (approximately 0.2 per cent. by Current Balance of Loans in the Provisional Portfolio) are subject to variable interest rates (the Base Rate Tracker Mortgages, SVR Mortgages and Discount Mortgages). However, the Issuer's liabilities under the Notes are based on Compounded Daily SONIA. For more information, please see the section titled "*The Loans – The Portfolio – Interest Rate Types*".

To hedge its fixed interest rate exposure, the Issuer will enter into a fixed interest rate swap transaction (the "**Fixed Rate Swap Transaction**") pursuant to the Fixed Rate Swap Agreement on the Closing Date with the Fixed Rate Swap Provider (see "*Credit Structure –Interest Rate Risk*"). The Fixed Rate Swap Transaction covers a major share of this interest rate risk present in the context of the Notes.

A failure by the Fixed Rate Swap Provider to make timely payments of amounts due under the Fixed Rate Swap Transaction will constitute a default under the Fixed Rate Swap Agreement. The Fixed Rate Swap Agreement provides that the Sterling amounts owed by the Fixed Rate Swap Provider on any payment date under the Fixed Rate Swap Transaction (which corresponds to an Interest Payment Date) may be netted against the Sterling amounts owed by the Issuer to the Fixed Rate Swap Provider on the same payment date under the Fixed Rate Swap Transaction. Accordingly, if the amounts owed by the Issuer to the Fixed Rate Swap Provider on a payment date in respect of the Fixed Rate Swap Transaction are greater than the amounts owed by the Fixed Rate Swap Provider to the Issuer on the same payment date under the same Fixed Rate Swap Transaction, then the Issuer will pay the difference to the Fixed Rate Swap Provider on such payment date in respect of the Fixed Rate Swap Transaction; if the amounts owed by the Fixed Rate Swap Provider to the Issuer on a payment date are greater than the amounts owed by the Issuer to the Fixed Rate Swap Provider on the same payment date in respect of the Fixed Rate Swap Transaction, then the Fixed Rate Swap Provider will pay the difference to the Issuer on such payment date; and if the amounts owed by both parties are equal on a payment date in respect of the Fixed Rate Swap Transaction, neither party will make a payment to the other on such payment date in respect of the Fixed Rate Swap Transaction. To the extent that the Fixed Rate Swap Provider defaults on its obligations under the Fixed Rate Swap Agreement to make payments to the Issuer in Sterling, on any payment date (which corresponds to an Interest Payment Date), under the Fixed Rate Swap Transaction, the Issuer will be exposed to the possible variance between various fixed or tracker rates payable on the Loans in the Portfolio and Compounded Daily SONIA. Unless one or more comparable replacement Fixed Rate Swaps are entered into, the Issuer may have insufficient funds to make payments due on the Notes and meet obligations to Noteholders and Secured Creditors.

As at the date of this Prospectus, the Issuer has not entered into any interest rate swap or other hedging transaction in relation to Loans other than in respect of Fixed Rate Loans. Further, as Loans revert from Fixed Rate Mortgages to SVR Mortgages or Base Rate Tracker Mortgages, the interest payable under such Loans will no longer be hedged by way of a hedging transaction. As a result, there is no hedge in respect of the risk of any variances in the rate charged on such Loans, which in turn may result in insufficient funds being made available to the Issuer for the Issuer to meet its obligations to the Noteholders and the Secured Creditors.

The rates payable by the Issuer under the Fixed Rate Swap Transaction are not intended to be an exact match of the interest rates that the Issuer receives in respect of the Loans in the Portfolio. As such, there may be circumstances in which the rate payable by the Issuer under the Fixed Rate Swap Transaction exceeds the amount that the Issuer receives in respect of the Loans in the Portfolio.

In certain circumstances, a failure by the Issuer to obtain the consent of the Fixed Rate Swap Provider in respect of amendments to the Transaction Documents may result in the termination of the Fixed Rate Swap Agreement.

Termination payments under Fixed Rate Swap Transaction

Subject to the following, the Fixed Rate Swap Agreement will provide that, upon the occurrence of certain events, the Fixed Rate Swap Transaction may terminate and a termination payment by either the Issuer or the Fixed Rate Swap Provider may be payable, the amount of which payment will depend on, among other things, the terms of the Fixed Rate Swap Transaction and the cost of entering into one or more replacement transactions at the time. Any termination payment due from the Issuer (other than (where applicable) the Fixed Rate Swap Excluded Termination Amount (being the amount of any termination payment due and payable to the Fixed Rate Swap Provider as a result of a Swap Provider Default or a Swap Provider Downgrade Event)) to the extent such termination payment is not satisfied by any applicable Replacement Swap Premium which shall be paid directly by the Issuer to the Fixed Rate Swap Provider and/or any amounts available to be applied in accordance with the Swap Collateral Account Priority of Payments, will rank prior to payments in respect of the Class A Notes in accordance with the Pre-Acceleration Revenue Priority of Payments. If any termination amount is payable, payment of such termination amounts may affect amounts available to pay interest and principal on all the Class A Notes. Fixed Rate Swap Excluded Termination Amounts will not rank ahead of Class A Notes or the Class B VFN in the Pre-Acceleration Revenue Priority of Payments (but will rank ahead of the Class Z VFN).

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

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

The yield to maturity on the Class A 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 holders of the Class A Notes. Prepayments on the Loans may result from a Borrower choosing to repay early, 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 any applicable insurance policies. In addition, repurchases of Loans and/or Further Advances required to be made under the Mortgage Sale Agreement in certain circumstances will have the same effect as a prepayment of such Loans. The yield to maturity of the Class A Notes may be adversely affected by, among other things, a higher or lower than anticipated rate of prepayments on the Loans, or the composition of Additional Loans sold into the Portfolio from time to time following the Closing Date.

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 and homeowner mobility. In addition, if the Seller is required to repurchase a Loan or Loans under a Mortgage Account and its or their Related Security because, for example, one of the Loans does not comply with the Loan Warranties and this causes a material adverse effect on the value of that Loan, 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.

Available Principal Receipts will be applied (i) on each Interest Payment Date during the Further Sale Period to reduce the Principal Amount Outstanding of the Class A Notes on a scheduled amortisation basis to the relevant Class A Target Amortisation Amount and thereafter 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 to reduce the Principal Amount Outstanding of the Class A Notes on a pass-through basis in accordance with the Pre-Acceleration Principal Priority of Payments (see "*Cashflows*").

At any time on or after (i) the Step-Up Date or (ii) the Interest Payment Date on which the aggregate Principal Amount Outstanding of the Class A Notes is equal to or less than 10 per cent. of the aggregate Principal Amount Outstanding of the Class A Notes on the Closing Date, the Issuer may, subject to certain conditions, redeem all of the Class A Notes (in the case of (ii), the "**Clean-Up Call**"). 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 or the Fixed Rate Swap Provider being required to make a deduction or withholding for or on account of tax. The redemption of the Notes pursuant to the Clean-Up Call or pursuant to a change in tax law may lead to a reduction in the weighted average life of the Class A Notes.

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 Class A Notes in full.

Ratings of the Class A Notes

The ratings address the likelihood of full and timely payment to the Class A Noteholders of all payments of interest on each Interest Payment Date and ultimate payment of principal on the Final Maturity Date of the Class A Notes. The Class B VFN and the Class Z VFN will not be rated by the Rating Agencies.

The expected ratings of the Class A Notes to be assigned on the Closing Date are set out in "*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 BNYM Account Bank and/or the Fixed Rate Swap Provider and/or the Cash Manager and/or the Back-Up Cash Manager and/or the Swap Collateral Account Bank (if any)), in the future so warrant. See also "*Change of counterparties*" below.

At any time, any Rating Agency may revise its relevant rating methodology, with the result that any rating assigned to the Notes may be lowered.

Rating 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 unsolicited ratings could have an adverse effect on the value of such Notes. For the avoidance of doubt and unless the context otherwise requires, any reference to "**ratings**" or "**rating**" in this Prospectus is to the ratings assigned by the specified Rating Agencies only.

As highlighted above, the ratings assigned to the Class A Notes by each Rating Agency are based on, among other things, the short-term and/or long-term unsecured, unguaranteed and unsubordinated debt ratings of the Fixed Rate Swap Provider, the Cash Manager, the Swap Collateral Account Bank (if any), the BNYM Account Bank and the Co-op Account Bank (the BNYM Account Bank and the Co-op Account Bank, together, the "**Account Banks**"). In the event one or more of these transaction parties are downgraded, there can be no assurance that a replacement to that counterparty will be found which has the ratings required to maintain the then current ratings of the Class A Notes. If a replacement counterparty with the requisite ratings cannot be found, this is likely to have an adverse impact on the rating of the Class A Notes and, as a consequence, the resale price of such Notes in the market and the prima facie eligibility of such Notes for use in certain liquidity schemes established by the European Central Bank and the Bank of England.

Credit ratings included or referred to in this Prospectus have been or, as applicable, may be issued by Moody's and Fitch, which are credit rating agencies established in the European Community and registered under the CRA Regulation.

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

Investors should be aware that the market continues to develop in relation to the Sterling Overnight Index Average ("**SONIA**") as a reference rate in the capital markets and its adoption as an alternative to LIBOR. In particular, market participants and relevant working groups are exploring alternative reference rates based on SONIA, including term SONIA reference rates (which seek to measure the market's forward expectation of an average SONIA rate over a designated term). As a result, the market or a significant part thereof may adopt an application of SONIA that differs significantly from that set out in the Conditions and used in relation to Notes that reference a SONIA rate issued under this Prospectus. Interest on Notes which reference a SONIA rate is only capable of being determined at the end of the relevant Observation Period and immediately prior to the relevant Interest Payment Date. It may be difficult for investors in the Notes which reference a SONIA rate to reliably estimate the amount of interest which will be payable on such Notes.

LIBOR

Changes or uncertainty in respect of LIBOR, and/or other interest rate benchmarks may affect the value or payment of interest under the SVR Mortgages or the Notes.

Various interest rate benchmarks (including the London Inter-Bank Offered Rate ("**LIBOR**")) are the subject of recent national and international regulatory guidance and proposals for reform. Some of these reforms are already effective while others are still to be implemented including the EU Benchmark Regulation (Regulation (EU) 2016/1011) (the "**Benchmark Regulation**").

In addition, the sustainability of LIBOR has been questioned by the UK Financial Conduct Authority as a result of the absence of relevant active underlying markets and possible disincentives (including possibly as a result of regulatory reforms) for market participants to continue contributing to such benchmarks. On 27 July 2017, and in a subsequent speech by its Chief Executive on 12 July 2018, the UK Financial Conduct Authority ("**FCA**") confirmed that it will no longer persuade or compel banks to submit rates for the calculation of the LIBOR benchmark after 2021 (the "**FCA Announcements**"). The FCA Announcements indicated that the continuation of LIBOR on the current basis cannot and will not be guaranteed after 2021. In addition, on 29 November 2017, the Bank of England and the FCA announced that, from January 2018, its Working Group on Sterling Risk-Free Rates has been mandated with implementing a broad-based transition to the SONIA over the next four years across sterling bond, loan and derivative markets, so that SONIA is established as the primary sterling interest rate benchmark by the end of 2021.

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

(a) any of these reforms or pressures described above or any other changes to a relevant interest rate benchmark (including LIBOR) could affect the level of the published rate, including to cause it to be lower and/or more volatile than it would otherwise be;

(b) if LIBOR is discontinued or is otherwise unavailable, then the rate of interest on the SVR Mortgages may be determined for a period by any applicable fall-back provisions under the relevant SVR Mortgages documentation, although such provisions may not operate as intended (depending on market circumstances and the availability of rates information at the time);

(c) while an amendment may be made under Condition 12 (*Meetings of Noteholders, Modification, Waiver and Substitution*) of the Terms and Conditions of the Notes to change the base rate on the Notes from SONIA to an alternative base rate under certain circumstances broadly related to SONIA dysfunction or discontinuation and subject to certain conditions being satisfied including with respect to Noteholder consent in part (in this regard, please also refer to the risk factor below entitled "*Meetings of Noteholders, Modification and Waivers*"), there can be no assurance that any such amendment will be made or, if made, that it (i) will fully or effectively mitigate all relevant interest rate risks or result in an equivalent methodology for determining the interest rates on the Notes or (ii) will be made prior to any date on which any of the risks described in this risk factor may become relevant; and

(d) if SONIA is discontinued, and whether or not an amendment is made under Condition 12 (*Meetings of Noteholders, Modification, Waiver and Substitution*) to change the base rate with respect to the Notes as described in paragraph (b) above, there can be no assurance that the applicable fall-back provisions under the Fixed Rate Swap Agreements would operate to allow the transactions under the Fixed Rate Swap Agreements to effectively mitigate interest rate risk in respect of the Notes.

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

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

Eurosystem eligibility

The Class A Notes are intended to be held in a manner which will allow Eurosystem eligibility. This means that the Class A Notes are intended, upon issue, to be deposited with a Common Safekeeper for Euroclear and Clearstream, Luxembourg and does not necessarily mean that the Class A Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem ("**Eurosystem eligible collateral**") either upon issue or at any or all times during their life. Such recognition will depend upon satisfaction of the Eurosystem eligibility criteria. It is

expected that the VFNs will not satisfy the Eurosystem eligibility criteria. The Issuer gives no representation, warranty, confirmation or guarantee to any investor in the Class A Notes that the Class A Notes will, either upon issue or at any time prior to redemption in full, satisfy all or any of the requirements for Eurosystem eligibility and be recognised as Eurosystem eligible collateral. Any potential investor in the Class A Notes should make their own conclusions and seek their own advice with respect to whether or not the Class A Notes constitute Eurosystem eligible collateral.

Ratings confirmation in relation to the Class A Notes in respect of certain actions

The terms of certain Transaction Documents require the Rating Agencies to confirm that certain actions proposed to be taken by the Issuer and the Note Trustee or, as the case may be, the Security Trustee will not have an adverse effect on the then current rating of the Class A Notes (a "**Ratings Confirmation**").

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

Any such Ratings Confirmation may or may not be given at the sole discretion of each Rating Agency. It should be noted that, depending on the nature of the request, the timing of delivery of the request and any information needed to be provided as part of any such request, it may be the case that a Rating Agency cannot provide a Ratings Confirmation in the time available or at all, and the Rating Agency will not be responsible for the consequences thereof. A Ratings Confirmation, if given, will be given on the basis of the facts and circumstances prevailing at the relevant time and in the context of cumulative changes to the transaction of which the securities form part since the Closing Date. A Ratings Confirmation represents only a restatement of the opinions given as at the Closing Date and cannot be construed as advice for the benefit of any parties to the transaction.

Certain Rating Agencies have indicated that they will no longer provide Ratings Confirmations as a matter of policy. To the extent that a Ratings Confirmation cannot be obtained, whether or not a proposed action will ultimately take place will be determined in accordance with the provisions of the relevant Transaction Documents and specifically the relevant modification and waiver provisions.

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 (copied to the Note Trustee) 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 Issuer (or the Administrator on its behalf) provides to the Note Trustee a certificate (upon which the

Note Trustee can rely without further investigation or liability to any person) certifying and confirming that the events in one of paragraph (i)(A) or (B) above and the event in 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 such condition is deemed to be modified as a result of a Non-Responsive Rating Agency not having responded to the relevant request from the Issuer (or the Administrator on its behalf) 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 to 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 are not obliged to act in certain circumstances

Upon the occurrence of an Event of Default, the Note Trustee in its absolute discretion may, and if so directed in writing by the holders of not less than 25 per cent. in aggregate Principal Amount Outstanding of the Class A Notes then outstanding or if so directed by an Extraordinary Resolution of the Class A Noteholders shall (subject, in each case, to being indemnified and/or prefunded and/or secured 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 thereon and shall immediately become due and payable, as applicable, as provided in the Trust Deed.

The Note Trustee may, at any time, at its discretion and without notice, take such proceedings (including lodging an appeal in any 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 the Notes or the Trust Deed (including the Conditions) or any other Transaction Documents to which it is a party or, for as long as any Notes are outstanding, direct the Security Trustee to enforce the Security in accordance with the terms of the Deed of Charge. However, the Note Trustee and the Security Trustee (as applicable) will not be bound to take any such proceedings, action or steps, and the Security Trustee will not be bound to act on any such direction or instruction, 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 13 (*Action, Proceedings and Indemnification*) and Schedule 3 to the Trust Deed), the Note Trustee shall have been so directed (or the Note Trustee shall have been directed to direct the Security Trustee) by an Extraordinary Resolution of the Class A Noteholders or directed in writing by the holders of at least 25 per cent. in aggregate of the Principal Amount Outstanding of the Class A Notes then outstanding or (if there are no Class A Notes outstanding) it shall have been directed in writing by the Class B VFN Holder, or (if there are no Class A Notes or Class B VFN outstanding) it shall have been directed in writing by the Class Z VFN Holder; and

(b) in all cases, it and the Security Trustee (as applicable) shall have been indemnified and/or prefunded and/or secured 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 B VFN Holder or the Class Z VFN Holder so long as any Class A Notes are outstanding.

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 which rank in priority to the payments of interest and principal on the Notes.

In relation to the undertakings to be given by the Seller to the Issuer in the Mortgage Sale Agreement in accordance with Article 6 of the Securitisation Regulation regarding the material net economic interest of at least 5 per cent. of the nominal value of the securitised exposures to be retained by the Seller and certain requirements as to providing investor information in connection with the Securitisation Regulation, neither the Note Trustee nor the Security Trustee shall be under any obligation to monitor the compliance by the Seller with such undertakings or to investigate any matter which is the subject of such undertaking and shall not be under any obligation to take any action in relation to non-compliance with such undertaking unless and until the Note Trustee or Security Trustee has received actual written notice of the same from any party to a Relevant Document, in which event the only obligation of the Note Trustee and Security Trustee shall be to notify the Issuer (who shall notify the Noteholders and the other Secured Creditors of the same) and, subject to the Note Trustee and Security Trustee being indemnified and/or secured and/or prefunded to its satisfaction, to take such further action as it is directed to take in connection with such non-compliance by an Extraordinary Resolution of the Class A Noteholders (or if no Class A Notes are outstanding, the holder of the Class B VFN, or if the Class B VFN is not outstanding, the Class Z VFN Holder).

Meetings of Noteholders, Modification and Waivers

The Conditions contain provisions for calling meetings of Class A Noteholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Class A Noteholders including Class A Noteholders who did not attend and vote at the relevant meeting and Class A Noteholders who voted in a manner contrary to the majority. The Conditions provide that other than an Extraordinary Resolution in relation to a Basic Terms Modification, an Extraordinary Resolution or Ordinary Resolution passed at any meeting of the Class A Noteholders shall be binding on the Class B VFN Holder and the Class Z VFN Holder irrespective of the effect it has upon them. For as long as the Class A Notes are outstanding, an Extraordinary Resolution or Ordinary Resolution passed by the Class B VFN Holder and the Class Z VFN Holder shall be ineffective unless sanctioned by an Extraordinary Resolution of the Class A Noteholders.

The Conditions also provide that (i) the Note Trustee may agree, from time to time and at any time and without the consent or sanction of the Noteholders or any other Secured Creditors, and (ii) the Security Trustee will agree, upon the written instructions of the Note Trustee so long as there are any Notes outstanding, or, if there are no Notes outstanding, may agree with the written consent of the Secured Creditors which are a party to the relevant Transaction Document, to: (a) any modification (other than in respect of a Basic Terms 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, materially prejudicial to the interests of the Noteholders; or (b) any modification which, in the Note Trustee's opinion, is of a formal, minor or technical nature or to correct a manifest error, provided that in respect of any changes to any of the Transaction Documents which would have the affect of altering the amount, timing or priority of any payments due from the Issuer to the Fixed Rate Swap Provider, the written consent of the Fixed Rate Swap Provider is required, and provided further that the Note Trustee and the Security Trustee shall not 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 (a) exposing the Note Trustee or the Security Trustee, as applicable, to any Liability against which it has not been indemnified and/or secured and/or pre-funded to its satisfaction or (b) increasing the obligations or duties, or decreasing the rights, powers, authorities, indemnification or protections, of the Note Trustee or the Security Trustee, as applicable, in the Transaction Documents and/or the Conditions. 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 specified conditions, be treated as such. See "*Terms and Conditions of the Notes – Condition 12* (*Meetings of Noteholders, Modification, Waiver and Substitution*)".

The Conditions also provide that the Issuer, the Cash Manager and/or the Fixed Rate Swap Provider (each, a "**Requesting Party**") may, at any time during the term of the Trust Deed, request that the Note Trustee agree and/or (for as long as any Notes remain outstanding) direct the Security Trustee to agree amendments to or waivers in respect of any Transaction Documents, enter into new Transaction Documents or consent to any other relevant party doing so (as the case may be) to effect:

(a) the appointment of a new Swap Collateral Account Bank and the entry into of related documentation (including any new or replacement Swap Collateral Bank Agreement), in accordance with the terms of the Fixed Rate Swap Agreement and the Cash Management Agreement; and/or

(b) the closure of the Collection Accounts held with the Collection Account Bank, the appointment of an alternative bank (which may or may not be The Co-operative Bank) as the replacement collection account bank (the "**Replacement Collection Account Bank**"), the opening of one or more replacement collection accounts with the Replacement Collection Account Bank (which may each be used to collect direct debit payments in respect of the Seller and/or other payments in respect of loans not in the Portfolio) (each, a "**Replacement Collection Account**"), the transfer of any monies from the Collection Account to a Replacement Collection Account and the entry into of all related documentation (including any declaration of trust over the Replacement Collection Account),

(together, the "**Transaction Amendments**"),

irrespective of whether such Transaction Amendments are or may be materially prejudicial to the interests of the Noteholders of any Class, any other Secured Creditor or any other parties to any Transaction Documents and irrespective of whether such Transaction Amendments constitute or may constitute a Basic Terms Modification and the Note Trustee and the Security Trustee (if directed by the Note Trustee) shall be obliged to enter into, or (where the Note Trustee or, as the case may be, the Security Trustee is not a party to the relevant Transaction Document) provide their consent in respect of, such Transaction Amendments without the consent of the Noteholders or any other Secured Creditors if the Amendment Conditions are satisfied. "**Amendment Conditions**" means:

(i) a certificate in writing from the relevant Requesting Party (where the Requesting Party is the Fixed Rate Swap Provider, such certificate to be countersigned by the Cash Manager for so long as The Co-operative Bank is the sole Cash Manager) to the Note Trustee and the Security Trustee (as applicable) that the Ratings Agencies have been given at least 15 days' notice of such proposed Transaction Amendments and have not raised any objections thereto;

(ii) a certificate in writing from the relevant Requesting Party (where the Requesting Party is the Fixed Rate Swap Provider, such certificate to be countersigned by the Cash Manager for so long as The Co-operative Bank is the sole Cash Manager) to the Note Trustee and the Security Trustee (as applicable) that none of the Priorities of Payments will be amended as a result of such Transaction Amendments; and

(iii) the Note Trustee and the Security Trustee are satisfied that the proposed Transaction Amendments would not, in their opinion, have the effect of (A) increasing the obligations, liabilities or duties, or decreasing the protections, rights, powers, authorisations or indemnification of the Note Trustee or the Security Trustee or (B) exposing the Note Trustee

or the Security Trustee to any liability which it has not been indemnified and/or secured and/or prefunded to the Note Trustee's or Security Trustee's satisfaction.

Neither the Note Trustee nor the Security Trustee are required to consider the interests of any other person in entering into (or, where the Note Trustee or, as the case may be, the Security Trustee is not a party to the relevant Transaction Document, providing their consent in respect of) such Transaction Amendments. Each of them is entitled to rely absolutely and without liability and without further investigation on any certificate provided to it in connection with the Transaction Amendments and is not required to monitor or investigate whether the Issuer, the Servicer or the Cash Manager (in its capacity as the Requesting Party, where applicable) or the Fixed Rate Swap Provider (as the case may be) is acting in a commercially reasonable manner. Neither the Note Trustee nor the Security Trustee shall be responsible for any liability that may be incurred by any person by acting in accordance with the relevant provisions of the Transaction Documents based on any written notification or certificate it receives from the Issuer, the Servicer or the Cash Manager (in its capacity as the Requesting Party, where applicable) or the Fixed Rate Swap Provider (as the case may be).

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

The Conditions also provide that the Issuer may, at any time during the term of the Trust Deed, require that the Note Trustee make any modification or request that the Note Trustee directs the Security Trustee to make a modification (other than in respect of a Basic Terms Modification) to the Conditions or any other Transaction Document to which the Note Trustee or the Security Trustee is a party or in relation to which the Security Trustee holds security that the Issuer considers necessary (in summary) in respect of any of the following:

(a) for the purpose of complying with, or implementing or reflecting, any change in the criteria of one or more of the Rating Agencies, provided that the Issuer (or the Cash Manager on its behalf (for so long as The Co-operative Bank is the sole Cash Manager)) provides a Modification Certificate to the Note Trustee and the Security Trustee (as applicable) certifying that such modification is necessary to comply with such criteria or, as the case may be, is solely to implement and reflect such criteria;

(b) for the purpose of complying with any changes in the requirements of (i) Article 6 of the Securitisation Regulation, or Section 15G of the Securities Exchange Act of 1934, as added by section 941 of the Dodd-Frank Wall Street Reform and Consumer Protection Act, after the Closing Date, including as a result of the adoption of Regulatory Technical Standards in relation to the Securitisation Regulation, (ii) the Regulation (EU) 2017/2401, which amends certain provisions of Regulation (EU) No 575/2013 as it relates to securitisation (the "**CRR Amendment Regulation**") or (iii) any other risk retention legislation or regulations or official guidance in relation thereto, provided that the Issuer (or the Cash Manager (for so long as The Co-operative Bank is the sole Cash Manager) on its behalf) provides a Modification Certificate to the Note Trustee and the Security Trustee (as applicable) certifying that such modification is required solely for such purpose and has been drafted solely to such effect;

(c) for the purpose of enabling the Notes to comply with the requirements of the Securitisation Regulation, including relating to the treatment of the Notes as a simple, transparent and standardised securitisation, and any related regulatory technical standards authorised under the Securitisation Regulation, provided that the Issuer (or the Cash Manager (for so long as The Co-operative Bank is the sole Cash Manager) on its behalf) provides a Modification Certificate to the Note Trustee and the Security Trustee (as applicable) certifying that such modification is required solely for such purpose and has been drafted solely to such effect;

(d) in order to enable the Issuer and/or the Fixed Rate Swap Provider to comply with any requirements which apply to them in relation to any Swap Agreement (including any further hedging under any Swap Agreement) under EMIR, provided that the Issuer (or the Cash Manager (for so long as The Co-operative Bank is the sole Cash Manager) on its behalf) provides a Modification Certificate to the Note Trustee and the Security Trustee (as applicable) certifying that such modification is required solely for such purpose and has been drafted solely to such effect;

(e) for the purpose of enabling the Class A Notes to be (or to remain) listed on Euronext Dublin, provided that the Issuer (or the Cash Manager (for so long as The Co-operative Bank is the sole Cash Manager) on its behalf) provides a Modification Certificate to the Note Trustee and the Security Trustee (as applicable) certifying that such modification is required solely for such purpose and has been drafted solely to such effect;

(f) for the purposes of enabling the Issuer or a Transaction Party to comply with certain sections of the U.S. Internal Revenue Code of 1986, agreements relating thereto, FATCA, and similar tax laws, provided that the Issuer (or the Cash Manager (for so long as The Co-operative Bank is the sole Cash Manager) on its behalf) or the relevant Transaction Party, as applicable, provides a Modification Certificate to the Note Trustee and the Security Trustee (as applicable) certifying that such modification is required solely for such purpose and has been drafted solely to such effect;

(g) for the purpose of complying with any changes in the requirements of the CRA Regulation after the Closing Date, including as a result of the adoption of regulatory technical standards relating thereto, provided that the Issuer (or the Cash Manager (for so long as The Co-operative Bank is the sole Cash Manager) on its behalf) provides a Modification Certificate to the Note Trustee and the Security Trustee (as applicable) certifying that such modification is required solely for such purpose and has been drafted solely to such effect; or

(h) for the purpose of changing the reference rate or the base rate that then applies in respect of the Notes to an alternative base rate (including where such base rate may remain linked to SONIA but may be calculated in a different manner), (any such rate, which may include an alternative screen rate, an "**Alternative Base Rate**") and making such other amendments as are necessary or advisable in the commercially reasonable judgment of the Issuer (or the Servicer on its behalf) to facilitate such change (a "**Base Rate Modification**"), **provided that** the Issuer (or the Servicer on its behalf) provides a Modification Certificate to the Note Trustee and the Security Trustee certifying (such certificate, a "**Base Rate Modification Certificate**") that:

(i) such Base Rate Modification is being undertaken due to:

(A) an alternative manner of calculating a SONIA-based rate being introduced and becoming a standard means of calculating interest for similar transactions;

(B) a material disruption to SONIA, an adverse change in the methodology of calculating SONIA or SONIA ceasing to exist or be published;

(C) the insolvency or cessation of business of the SONIA administrator (in circumstances where no successor SONIA administrator has been appointed);

(D) a public statement by the SONIA administrator that it will cease publishing SONIA permanently or indefinitely (in circumstances where no successor

SONIA administrator has been appointed that will continue publication of SONIA);

(E) a public statement by the supervisor of the SONIA administrator that SONIA has been or will be permanently or indefinitely discontinued or will be changed in an adverse manner;

(F) a public statement by the supervisor of the SONIA administrator that means SONIA may no longer be used or that its use is subject to restrictions or adverse consequences; or

(G) the reasonable expectation of the Issuer (or the Servicer on its behalf) that any of the events specified in paragraphs (A) to (F) below will occur or exist within six months of the proposed effective date of such Base Rate Modification; and

(ii) such Alternative Base Rate is:

(A) a base rate published, endorsed, approved or recognised by the Federal Reserve or the Bank of England, any regulator in the United States, the United Kingdom or the European Union or any stock exchange on which the Notes are listed (or any relevant committee or other body established, sponsored or approved by any of the foregoing);

(B) a base rate utilised in a material number of publicly listed new issues of Sterling-denominated asset-backed floating rate notes prior to the effective date of such Base Rate Modification;

(C) 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 CML or an affiliate thereof; or

(D) such other base rate as the Servicer (on behalf of the Issuer) reasonably determines,

and, in each case, the change to the Alternative Base Rate will not, in its opinion, be materially prejudicial to the interest of the Noteholders.

For the avoidance of doubt, the Issuer (or the Servicer on its behalf) may propose an Alternative Base Rate on more than one occasion, provided that the conditions set out in this paragraph (h) are satisfied.

(iii) in each case provided that:

(A) at least 30 calendar days' prior written notice of any such proposed modification has been given to the Note Trustee and the Security Trustee (as applicable);

(B) the Modification Certificate in relation to such modification shall be provided to the Note Trustee and the Security Trustee (as applicable) both at the time the Note Trustee and the Security Trustee (as applicable) is notified of the proposed modification and on the date that such modification takes effect;

(C) the prior written consent of each Secured Creditor (other than any Noteholder) which is party to the Relevant Document has been obtained;

(D) either:

(1) the Issuer (or the Cash Manager (for so long as The Co-operative Bank is the sole Cash Manager) on its behalf) obtains from each of the Rating Agencies written confirmation (or certifies in the Modification Certificate that it has been unable to obtain written confirmation, but has received oral confirmation from an appropriately authorised person at each of the Rating Agencies) that such modification would not result in (x) a downgrade, withdrawal or suspension of the then current ratings assigned to the Class A Notes by such Rating Agency or (y) such Rating Agency placing the Class A Notes on rating watch negative (or equivalent); or

(2) the Issuer (or the Cash Manager (for so long as The Co-operative Bank is the sole Cash Manager) on its behalf) certifies in the Modification Certificate that it has informed the Rating Agencies of the proposed modification and none of the Rating Agencies has indicated that such modification would result in (x) a downgrade, withdrawal or suspension of the then current ratings assigned to the Class A Notes by such Rating Agency or (y) such Rating Agency placing the Class A Notes on rating watch negative (or equivalent); and

(E) the Issuer has provided 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;

(F) Noteholders representing at least 10 per cent. of the aggregate Principal Amount Outstanding of the Class A Notes then outstanding (or if no Class A Notes are outstanding, the Class B VFN Holder or, if neither Class A Notes nor the Class B VFN is outstanding, the Class Z VFN Holder) have not contacted the Principal Paying Agent or the Issuer in writing (or, in respect of the Class A Notes, otherwise in accordance with the then current practice of any applicable clearing system through which such Class A Notes may be held) within such notification period notifying the Principal Paying Agent or the Issuer that such Noteholders do not consent to the modification; and

(G) the Note Trustee and the Security Trustee (as applicable) have confirmed with the Principal Paying Agent and the Issuer in writing that they have not received objections from Noteholders representing at least 10 per cent. of the aggregate Principal Amount Outstanding of the relevant Class of Notes as per paragraph (F) above.

If Noteholders representing at least 10 per cent. of the aggregate Principal Amount Outstanding of the Class A Notes then outstanding (or if no Class A Notes are outstanding, the Class B VFN Holder or, if neither Class A Notes nor the Class B VFN is outstanding, the Class Z VFN Holder) have notified the Principal Paying Agent or 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 object to the modification, then such modification will not be made unless an Extraordinary Resolution of the Class A Noteholders then outstanding is passed

in favour of such modification in accordance with Condition 12 (*Meetings of Noteholders, Modification, Waiver and Substitution*) or (if there are no Class A Notes outstanding) it shall have been directed in writing by the Class B VFN Holder, or (if there are no Class A Notes or Class B VFN outstanding) it shall have been directed in writing by the Class Z VFN Holder.

Objections made in writing other than through the applicable clearing system must be accompanied by evidence to the Note Trustee's satisfaction (having regard to prevailing market practices) of the relevant Noteholder's holding of the Notes.

Where such Noteholders have not so notified the Principal Paying Agent or Issuer of such objection, or an Extraordinary Resolution of the Class A Noteholders is passed in favour of such modification, or (if there are no Class A Notes outstanding) it shall have been directed in writing by the Class B VFN Holder, or (if there are no Class A Notes or Class B VFN outstanding) it shall have been directed in writing by the Class Z VFN Holder in accordance with Condition 12 (*Meetings of Noteholders, Modification, Waiver and Substitution*), then the Note Trustee shall be obliged to agree to the modification and such modification will be made.

Other than where specifically provided in Condition 12.16 (*Additional Right of Modification*) or any Relevant Document:

(a) when implementing any modification pursuant to Condition 12.16 (*Additional Right of Modification*) (save to the extent the Note Trustee considers that the proposed modification would constitute a Basic Terms Modification), the Note Trustee or the Security Trustee shall not consider the interests of the Noteholders, any other Secured Creditor or any other person and shall act and rely solely and absolutely and without further investigation or liability on any certificate or evidence provided to it by the Issuer or the relevant Transaction Party, as the case may be, pursuant to Condition 12.16 (*Additional Right of Modification*), and shall not be liable to the Noteholders, any other Secured Creditor or any other person for so acting or relying, irrespective of whether any such modification is or may be materially prejudicial to the interests of any such person; and

(b) the Note Trustee (or, as the case may be, the Security Trustee) shall not be obliged to agree to any modification which, in the sole opinion of the Note Trustee (or, as the case may be, the Security Trustee) would have the effect of (i) exposing the Note Trustee (or, as the case may be, the Security Trustee) to any liability against which it has not been indemnified and/or secured and/or pre-funded to its satisfaction or (ii) increasing the obligations, liabilities or duties, or decreasing the protections, rights, powers, authorisations or indemnification of the Note Trustee (or, as the case may be, the Security Trustee) in the Relevant Documents and/or the Conditions.

Any such modification shall be binding on all Noteholders. The full requirements in relation to the modifications discussed above are set out in Condition 12.16 (*Additional Right of Modification*).

There can be no assurance that the effect of such modifications to the Relevant Documents will not adversely affect the interests of the holders of one or more or all Classes of Notes.

Rights of Noteholders and Secured Creditors

Conflict between Noteholders and the other Secured Creditors

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 all Classes of Noteholders 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 or, as the case may be, the Security Trustee's opinion, however, there is or may be a conflict between the interests of the Class A Noteholders (for so long as there are any Class A Notes outstanding) on the one hand and the interests of the Class B VFN Holder and/or the Class Z VFN Holder on the other hand, then the Note Trustee or, as the case may be, the Security Trustee is required to have regard only to the interests of the Class A Noteholders. Subject thereto if, in the Note Trustee's or, as the case may be, the Security Trustee's opinion, there is or may be a conflict between the interests of the Class B VFN Holder (for so long as the Class B VFN is outstanding) on the one hand and the interests of the Class Z VFN Holder on the other hand, then the Note Trustee or, as the case may be, the Security Trustee is required to have regard only to the interests of the Class B VFN Holder.

In having regard to the interests of the Noteholders, the Security Trustee shall be entitled to rely solely on a confirmation from the Note Trustee as to whether, in the opinion of the Note Trustee, any matter, action or omission is or is not in the interests of or is or is not materially prejudicial to the interests of any Class of Noteholder.

Where the Security Trustee is required to have regard to the interests of any Secured Creditor (other than the Noteholders), the Security Trustee may consult with that Secured Creditor as to whether, in the opinion of that Secured Creditor, any matter, action or omission is or is not in the interests of, or is or is not materially prejudicial to the interests of, that Secured Creditor.

In performing its duties as Security Trustee, the Security Trustee will take instructions from the Note Trustee for as long as any of the Notes remain outstanding and will not be required to take into account the interests of the Issuer or any Secured Creditor other than the Noteholders. If there are no Notes outstanding, the Security Trustee, in performing its duties as Security Trustee, will take instructions from the Secured Creditors acting together.

If any of the Notes of any Class are held by or on behalf of or for the benefit of the Seller, any holding company of the Seller or any other subsidiary of the Seller or any such holding company (the "**Relevant Persons**"), in each case as beneficial owner, those Notes of such Class will (unless and until ceasing to be so held) be deemed not to remain outstanding. However, if (i) all of the Notes of any Class are held by or on behalf of or for the benefit of one or more Relevant Persons (the "**Relevant Class of Notes**") and (ii) there is no other Class of Notes ranking *pari passu* with, or junior to, the Relevant Class of Notes where one or more Relevant Persons are not the beneficial owners of all the Notes of such Class (as the case may be), the Notes held by or on behalf of or for the benefit of the Relevant Persons shall be deemed to remain outstanding.

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 the Deed of Charge.

Absence of secondary market

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 Class A Notes will exist as at the date of this Prospectus or in the future, in particular as a result of any restructuring of sovereign debt by countries in the Eurozone. The Co-operative Bank will purchase all of the Class B VFN, the Class Z VFN and some of the Class A Notes on the Closing Date.

None of the Class A Notes have been, or will be, registered under the Securities Act or any other applicable securities laws and they are subject to certain restrictions on the resale and other transfer thereof as set forth under "*Subscription and Sale*" and "*Transfer Restrictions and Investor Representations*". To the extent that a secondary market exists, it may not continue for the life of the Class A Notes or it may not provide Class A Noteholders with liquidity of investment with the result

that a Class A Noteholder may not be able to find a buyer to buy its notes readily or at prices that will enable the Class A Noteholder to realise a desired yield. Any investor in the Class A Notes must be prepared to hold their Notes until their Final Maturity Date.

The secondary market for mortgage-backed securities, similar to the Notes, has at times experienced limited liquidity resulting from reduced investor demand for such securities. Limited liquidity in the secondary market may have an adverse effect on the market value of mortgage-backed securities, 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.

Significant Investor

The Co-operative Bank p.l.c. ("**The Co-operative Bank**" or "**Co-op**") will, on the Closing Date, purchase (a) all of the Class A Notes, (b) all of the Class B VFN and (c) all of the Class Z VFN and may retain or at a later date sell some or all of the Class A Notes in the secondary market at variable prices (which may, in turn, affect the liquidity and price of the Class A Notes in the secondary market). Further, The Co-operative Bank may sell Class A Notes in individually negotiated transactions at variable prices in the secondary market. Therefore, significant concentrations of holdings in the Notes may occur. In relation to the rights of The Co-operative Bank in respect of its holding of such Notes, see "*Rights of Noteholders and Secured Creditors – Conflict between Noteholders and the other Secured Creditors*" below.

Certain material interests

Certain of the Transaction Parties (e.g. the Arranger) 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 Co-operative Bank. HSBC Bank plc is acting as Arranger, Fixed Rate Swap Provider, Principal Paying Agent, Agent Bank and Registrar. The Bank of New York Mellon, London Branch is acting as BNYM Account Bank and Back-Up Cash Manager. BNY Mellon Corporate Trustee Services Limited is acting as Note Trustee and Security Trustee. Maples Fiduciary Services (UK) Limited is acting as Back-Up Servicer Facilitator and Corporate Services Provider. WMS is acting as Servicer. The Co-operative Bank is acting as Co-op Account Bank, Cash Manager and VFN Registrar. The swap collateral account bank, if appointed, will act as the Swap Collateral Account Bank (if any).

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

In addition to the interests described in this Prospectus, the Arranger and its respective related entities, associates, officers or employees (each, an "**Arranger Related Person**"):

(a) may from time to time be a Noteholder or have other interests with respect to the Class A Notes and they may also have interests relating to other arrangements with respect to a Class A Noteholder or a Class A Note, or any other Transaction Party;

(b) may receive (and will not have to account to any person for) fees, brokerage and commissions or other benefits and act as principal with respect to any dealing with respect to any Class A Notes;

(c) may purchase all or some of the Class A 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, lending, advisory, dealing in financial products, credit, derivative and liquidity transactions (which may include financing of the risk retention), investment management, corporate and investment banking and research in various capacities in respect of the Notes, the Issuer or any other Transaction Party or any related entity, both on its own account and for the account of other persons.

Prospective investors should be aware that:

(a) each Arranger Related Person in the course of its business (including in respect of interests described above) may act independently of any other Arranger Related Person or Transaction Party;

(b) to the maximum extent permitted by applicable law, the duties of each Arranger Related Person in respect of the Class A 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 Arranger Related Person shall have any obligation to account to the Issuer, any Transaction Party or any Noteholder for any profit as a result of any other business that it may conduct with either the Issuer or any Transaction Party;

(c) an Arranger Related Person may have or come into possession of information not contained in this Prospectus that may be relevant to any Noteholder or to any decision by a potential investor to acquire the Notes and which may or may not be publicly available to potential investors ("**Relevant Information**");

(d) to the maximum extent permitted by applicable law, no Arranger Related Person is under any obligation to disclose any Relevant Information to i(i) any other Arranger Related Person; (ii) any Transaction Party; or (iii) any potential investor, and this Prospectus and any subsequent conduct by an Arranger Related Person should not be construed as implying that such Arranger Related Person is not in possession of such Relevant Information; and

(e) each Arranger Related Person may have various potential and actual conflicts of interest arising in the ordinary course of its businesses, including in respect of the interests described above. For example, an Arranger Related Person's dealings with respect to a Note, the Issuer or a Transaction Party, may affect the value of such Note.

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

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.

Conflicts of interest may also 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 other roles or transactions for third parties.

Bank of England eligibility

Certain investors in the Class A Notes may wish to consider the use of the Class A Notes as eligible securities for the purposes of the Bank of England's Discount Window Facility ("**DWF**"), Funding for Lending Scheme ("**FLS**") or Term Funding Scheme ("**TFS**"). Recognition of the Class A Notes as eligible securities for the purposes of the DWF, FLS or TFS will depend upon satisfaction of the eligibility criteria as specified by the Bank of England. If the Class A Notes do not satisfy the criteria specified by the Bank of England, there is a risk that the Class A Notes will not be eligible DWF, FLS or TFS collateral. None of the Issuer, the Arranger or the Seller gives any representation, warranty, confirmation or guarantee to any investor in the Class A Notes that the Class A Notes will, either upon issue, or at any time during their life, satisfy all or any requirements for the DWF, FLS or TFS eligibility and be recognised as eligible DWF, FLS or TFS collateral. Any potential investor in the Class A Notes should make its own determination and seek its own advice with respect to whether or not the Class A Notes constitute eligible DWF, FLS or TFS collateral. No assurance can be given that the Class A Notes will be eligible securities for the purposes of the DWF, FLS or TFS and no assurance can be given that any of the relevant parties have taken any steps to register such collateral.

The Mortgages

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 Loans and their Related Security (until legal title is conveyed) takes effect in equity only. 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 its personnel or agents.

Further, prior to the insolvency of the Seller, unless notice of the assignment was given to a Borrower who is a creditor of the Seller in the context of the Loans and their Related Security, 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 occur in relation to transactions or deposits made between Borrowers and the Seller and 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 to which the Borrower may become entitled after the transfer. Where notice of the 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 is given to 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 of the Loans and their Related Security to the Issuer, independent set-off rights which a Borrower has against the Seller 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 "transaction set-off" (which are set-off claims arising out of a transaction connected with the Loan such as a claim for damages under a Further Advance) will not be affected by that notice and will continue to exist.

For so long as the Issuer does not have legal title to the Loans and their Related Security, the Seller will undertake for the benefit of the Issuer that it will 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 and the Issuer will have power of attorney to act in the name of the Seller.

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

As described above, the sale by the Seller to the Issuer of the Loans and their Related Security will be given effect by an assignment. As a result, legal title to the Loans and their Related Security sold by the Seller to the Issuer will remain with the Seller until the occurrence of certain trigger events under the terms of the Mortgage Sale Agreement. As noted above, the Issuer will be subject to certain independent rights of set-off which have arisen prior to the date on which the relevant Borrower received notice of the sale to the Issuer. In addition, the rights of the Issuer may be subject to "transaction set-off", being the direct rights of the Borrowers against the Seller, including rights of set-off which occur in relation to transactions made between the Borrowers and the Seller which are connected to the relevant Loan.

The relevant Borrower may set off any claim for damages arising from the Seller's breach of contract against the Seller's (and, as equitable assignee of or holder of the beneficial interest in the Loans and the Mortgages in the Portfolio, the Issuer's) claim for payment of principal and/or interest under the relevant Loan as and when it becomes due. These set off-claims will constitute transaction set-off, as described above. The right of a Borrower to set-off for transaction set-off is not limited or crystallised as a result of notice of the assignments to the Issuer being given by the relevant Borrower.

The amount of any such claim against the Seller will, in many cases, be the cost to the Borrower of finding an alternative source of funds. The Borrower may obtain a mortgage loan elsewhere, in which case the damages awarded could be equal to any difference in the borrowing costs together with any direct losses arising from the Seller's breach of contract, namely the associated costs of obtaining alternative funds (for example, legal fees and survey fees).

If the Borrower is unable to obtain an alternative mortgage loan, he or she may have a claim in respect of other indirect losses arising from the Seller's breach of contract where there are special circumstances communicated by the Borrower to the Seller at the time the Borrower entered into the Mortgage or which otherwise were reasonably foreseeable. A Borrower may also attempt to set off an amount greater than the amount of his or her damages claim against his or her mortgage payments. In that case, the Servicer will be entitled to take enforcement proceedings against the Borrower, although the period of non-payment by the Borrower is likely to continue until a judgment is obtained.

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

Product Switches and Further Advances

The Seller or the Servicer (on behalf of the Seller) may offer a Borrower, or a Borrower may request, a Further Advance or a Product Switch from time to time. Any Loan which has been the subject of a Further Advance or a Product Switch following an application by the Borrower will remain in the Portfolio. If the Issuer subsequently determines that any Further Advance or Product Switch does not satisfy an Asset Condition, as at the relevant Advance Date or Switch Date (where applicable), the Seller will be required to repurchase the relevant Loan and its Related Security in accordance with the Mortgage Sale Agreement. 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 and/or a Product Switch may be amended from time to time and such changes will be notified to the Rating Agencies, but the Mortgage Sale Agreement only allows such amendment if it will not breach the requirements of the Securitisation Regulations. 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 (a) may, but is not obliged to, have regard to any confirmation from each of the Rating Agencies that it will not downgrade, withdraw or qualify the ratings of the Class A Notes as a result of those amendments or (b) has received written notice from the Issuer (or the Servicer on its behalf) to the Note Trustee and the Security Trustee certifying that such proposed action (i) is being taken solely to implement and reflect the then updated and published Rating Agency criteria of a Rating Agency, and (ii) the then current ratings of the Class A Notes will not be downgraded or withdrawn by the Rating Agencies as a result of such action (upon which confirmation or certificate the Note Trustee and the Security Trustee shall be entitled to rely absolutely without liability to any person for so doing)). If Noteholders (who shall be notified of such proposed modification by the Issuer) representing at least 10 per cent. of the aggregate Principal Amount Outstanding of the Notes then outstanding have notified the Principal Paying Agent or 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 (such period to be not less than 30 calendar days in accordance with Condition 12.16 (*Additional Right of Modification*)) that they object to the modification, then such modification will not be made unless an Extraordinary Resolution of the Class A Noteholders then outstanding is passed in favour of such modification in accordance with Condition 12 (*Meetings of Noteholders, Modification, Waiver and Substitution*). Changes to the warranties may affect the quality of the Loans in the Portfolio and accordingly the ability of the Issuer to make payments due on the rated Notes. Where the Seller is required to repurchase the relevant Loan and its Related Security because the warranties in respect of that Loan are not true as of the date they are made, there can be no assurance that the Seller will have the financial resources to honour its repurchase obligations under the Mortgage Sale Agreement (as to which, see also "*The Co-operative Bank p.l.c.*"). 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 Product Switch and Further Advance 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 Class A Notes.

Porting

If a Borrower ports a Loan comprised in the Portfolio prior to the occurrence of a Perfection Event, such Loan will be repurchased and the principal element of the purchase price will be applied as Available Principal Receipts and the interest element of the purchase price will be applied as

Available Revenue Receipts on the Interest Payment Date immediately following the Collection Period in which the Loan was ported. The yield to maturity of the Notes may be adversely affected by such redemptions.

Selection of the Portfolio

The information in the section headed "Characteristics of the Provisional Portfolio" has been extracted from the systems of the Seller as at 30 April 2019 (the "**Portfolio Reference Date**"). The Provisional Portfolio as at the Portfolio Reference Date is comprised of 6,093 Loans with an aggregate Current Balance of £1,006,356,282. The portfolio that will be sold to the Issuer on the Closing Date will be randomly selected on the Closing Date Portfolio Selection Date from the Provisional Portfolio (the "**Closing Date Portfolio**"). The characteristics of the Closing Date Portfolio will vary from those set out in the tables in this Prospectus as a result of, inter alia, the random Closing Date Portfolio selection and repayments and redemptions of Loans and/or Further Advances and Product Switches and the removal of any Loans and/or Further Advances and Product Switches from the Portfolio that do not comply with the Loan Warranties as at the Closing Date Portfolio Selection Date. Neither the Seller nor the Servicer has provided any assurance that there will be no material change in the characteristics of the Portfolio between the Portfolio Reference Date and the Closing Date.

Undertakings of the Seller

The Seller will give warranties to the Issuer in the Mortgage Sale Agreement that, among other things, each Loan and its Related Security is enforceable (subject to certain exceptions). If a Loan or its Related Security does not comply with these warranties, such non-compliance causes a material adverse effect on the value of that Loan, and if the default (if capable of remedy) cannot be or is not cured within 90 days of the Seller receiving notice of such non-compliance, then the Seller will, upon receipt of notice from the Issuer, be required to repurchase all of the relevant Loans secured on the same Property and their Related Security from the Issuer in accordance with the Mortgage Sale Agreement.

Detailed information about the Seller is disclosed later on in this Prospectus in the section entitled "*The Co-operative Bank p.l.c.*".

The Bank's ability to implement its plans for itself and its subsidiaries are also influenced by external factors which may mean underpinning assumptions relating to economic or market conditions may be incorrect and negatively impact the plans. Many of these issues are similar to those faced by other financial institutions (including the effect of macro-political conditions in Europe) and the management of credit risk, interest rate risk, currency risk and market risk and risks from regulatory change and an increasing regulatory enforcement and litigious environment.

The crystallisation of any of the risks that the Seller faces, as identified in that section, could result in an adverse effect on the business, financial condition, operating results, reputation and prospects of the Seller. In such circumstances, the Seller may not be in a position to satisfy its undertakings described above.

Servicing and Third Party Risk

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 an agreement (the "**Corporate Services Agreement**"), the Co-op Account Bank has agreed to provide the Co-op Deposit Account to the Issuer pursuant to the Co-op Bank Account Agreement (the "**Co-op Bank**

Account Agreement"), the BNYM Account Bank has agreed to provide the BNYM Deposit Account pursuant to a bank account agreement (the "**BNYM Bank Account Agreement**"), the Servicer has agreed to service the Portfolio pursuant to a servicing agreement (the "**Servicing Agreement**"), the Back-Up Servicer Facilitator has agreed to provide back-up servicer facilitation services in relation to the Portfolio pursuant to the Servicing Agreement, the Cash Manager has agreed to provide cash management services pursuant to a cash management agreement (the "**Cash Management Agreement**"), the Back-Up Cash Manager has agreed to provide back-up cash management services pursuant to a back-up cash management agreement (the "**Back-Up Cash Management Agreement**") and replacement cash management agreement (the "**Replacement Cash Management Agreement**") and the Principal Paying Agent, the Registrar, the VFN Registrar and the Agent Bank have all agreed to provide services with respect to the Notes pursuant to an agency agreement (the "**Agency Agreement**"). In addition, amounts paid by Borrowers are paid into an account held with a third party Collection Account Bank, and the Swap Collateral Account (if any) will be provided by the Swap Collateral Account Bank. In the event that any of the above parties were to fail to perform their obligations under the respective agreements to which they are a party and/or are removed without a sufficiently experienced substitute or any substitute being appointed in their place, collections on the Portfolio and/or payments to Noteholders may be disrupted and Noteholders may be adversely affected.

Investors should also be aware that third parties on which the Issuer relies can be adversely impacted by the general economic climate. At the date of this Prospectus, global markets may be negatively impacted by prevailing economic conditions, including by market perceptions regarding the ability of certain EU member states in the Eurozone to service their sovereign debt obligations. These prevailing economic conditions as well as future developments in the areas of underlying market concern, such as the ability of certain Eurozone sovereign members to service their debt, could continue to have material adverse impacts on financial markets throughout the world up to and beyond the maturity of the Notes. Moreover, the anticipation by the financial markets of these impacts could also have a material adverse effect on the business, financial condition and liquidity position of certain of the parties to the transaction, on which the Issuer relies. As a result, these factors affecting transaction parties specifically, as well as market conditions generally, could adversely affect the performance of the Notes. In addition there can be no assurance that governmental or other actions will improve market conditions in the future.

The Servicer

Western Mortgage Services Limited ("**WMS**") will be appointed by the Issuer as Servicer to service the Loans. The Servicer will be entitled to transfer all or a portion of the Services under the Servicing Agreement to one or more counterparties, subject to the terms set out in the Servicing Agreement including re-transfer to The Co-operative Bank of the servicing of certain Loans from time to time where the Borrower under such Loan is or becomes vulnerable or where the situation otherwise merits sensitive handling. However, the Servicer remains liable at all times for servicing the Loans and their Related Security and for the acts or omissions of any transferee.

If the Servicer breaches the terms of the Servicing Agreement, then (prior to the delivery of a Note Acceleration Notice) the Issuer or (after delivery of a Note Acceleration Notice) the Security Trustee will be entitled to terminate the appointment of the Servicer in accordance with the terms of the Servicing Agreement and the Issuer, the Back-Up Servicer Facilitator and the Seller shall use their reasonable endeavours to appoint a new servicer in its place whose appointment is approved by the Security Trustee. Additionally, each of the Seller and the Servicer may serve 3 months notice on the other parties to the Servicing Agreement to voluntarily terminate the Servicing Agreement, provided that a substitute servicer qualified to act as such under the FSMA with experience of servicing residential mortgages in England and Wales has been appointed and enters into a servicing agreement with the Issuer substantially on the same terms as the Servicing Agreement and such appointment to

be effective not later than the date of such termination. As with a termination for cause, 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.

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, or substantially similar terms, set out in the Servicing Agreement. Further, it may be that the terms on which a substitute servicer may be appointed are substantially different from those set out in the Servicing Agreement and the terms may be such that the Noteholders may be adversely affected. In addition, as described below, any substitute servicer will be required, *inter alia*, to be authorised under the Financial Services and Markets Act 2000 (the "**FSMA**") in order to service Loans that constitute Regulated Mortgage Contracts under the FSMA. The ability of a substitute servicer to fully perform the required services would depend, among other things, on the information, software and records available at the time of the appointment. Any delay or inability to appoint a substitute servicer may affect payments on the Loans and hence the Issuer's ability to make payments when due on the Notes.

The Servicer has no obligation itself to advance payments that the Borrowers fail to make in a timely fashion. See further "*Summary of the Key Transaction Documents – Servicing Agreement*".

Change of counterparties

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

These criteria include requirements imposed by the FCA under the FSMA and requirements in relation to the short-term and long-term unguaranteed and unsecured ratings ascribed to such party by Moody's and Fitch. 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 ratings criteria. In these circumstances, the terms agreed with the replacement entity may not be as favourable as those agreed with the original party pursuant to the relevant Transaction Document and the cost to the Issuer may therefore increase. In addition, it may not be possible to find an entity with the ratings prescribed in the relevant Transaction Document who would be willing to act in the role. This may reduce amounts available to the Issuer to make payments of interest on the Notes and/or the ratings of the Notes which are rated.

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

The Portfolio

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.

Although interest rates are currently at a historical low, this may change in the future and an increase in interest rates may adversely affect Borrowers' ability to pay interest or repay principal on their Loans. Other factors in Borrowers' individual, personal or financial circumstances may affect the ability of Borrowers to repay the Loans. Unemployment, loss of earnings, illness, divorce and other similar factors may lead to an increase in delinquencies by and bankruptcies 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. A valuation was obtained by the Seller on or about the time of origination of each Loan, and, in certain circumstances, an updated valuation of a Property may be obtained or determined by the Seller, see "*The Loans – Valuations*".

In order to enforce a power of sale in respect of a mortgaged property, the relevant mortgagee must first obtain possession of the relevant property. Possession is usually obtained by way of a court order or decree. This can be a lengthy and costly process and will involve the mortgagee or heritable creditor 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 or heritable creditor, in relation to obtaining possession of properties permitted by law, are restricted in the future.

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

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

Borrowers seeking to avoid increased monthly payments by refinancing their mortgage loans may no longer be able to find available replacement loans at comparably low interest rates. Any decline in housing prices may also leave Borrowers with insufficient equity in their homes to permit them to refinance. These events, alone or in combination, may contribute to higher delinquency rates, slower prepayment speeds and higher losses on the Portfolio, which in turn may affect the ability of the Issuer to make payments of interest and principal on the Notes.

Declining property values

The value of the Related Security in respect of the Loans may be affected by, among other things, a decline in the residential property values in the United Kingdom. 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, particularly in respect of those Loans which have a high LTV, 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. A downturn in the United Kingdom economy is likely to have a negative effect on the housing market. The fall in property prices resulting from a deterioration in the housing market could result in losses being incurred by lenders where the net recovery proceeds are insufficient to redeem any outstanding loan secured on such property. If the value of the Related Security backing the Loans is reduced, this may ultimately result in losses to Noteholders if the Security is required to be enforced and the resulting proceeds are insufficient to make payments on all Notes.

Geographic Concentration Risks

Loans in the Portfolio may also be subject to geographic concentration risks within certain regions of the United Kingdom. To the extent that specific geographic regions within the United Kingdom have experienced or may experience in the future weaker regional economic conditions and housing markets than other regions in the United Kingdom, a concentration of the Loans in such a region may be expected to exacerbate the risks relating to the Loans described in this section. Certain geographic regions within the United Kingdom rely on different types of industries. Any downturn in a local economy or particular industry may adversely affect the regional employment levels and consequently the repayment ability of the Borrowers in that region or the region that relies most heavily on that industry. Any natural disasters in a particular region may reduce the value of affected Properties. This may result in a loss being incurred upon sale of the Property. These circumstances could affect receipts on the Loans and ultimately result in losses on the Notes. For an overview of the geographical distribution of the Loans as at the Portfolio Reference Date, see "*Characteristics of the Provisional Portfolio – Geographical Distribution*".

Insurance Policies

The policies of the Seller in relation to buildings insurance are described under "*The Loans – Insurance Policies*". No assurance can be given that the Issuer will always receive the benefit of any claims made under any applicable insurance contracts or that the amounts received in respect of a successful claim will be sufficient to reinstate the affected Property. This could adversely affect the Issuer's ability to redeem the Notes.

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 Closing Date Portfolio sold to the Issuer on the Closing Date (and in respect of any Additional Loans on the Monthly Test Date immediately following the relevant Further Sale Date) (see "*Summary of the Key Transaction Documents – Mortgage Sale Agreement*" for a summary of these).

Neither the Note Trustee, the Security Trustee, the Arranger 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. Loans which have undergone such a limited investigation may be subject to matters which would have been revealed by a full investigation of title and which may have been remedied or, if incapable of remedy, may have resulted in the Related Security not being accepted as security for a Loan had such matters been revealed. The primary remedy of the Issuer against the Seller if any of the warranties made by the Seller is breached or proves to be materially untrue as at the Closing Date (in respect of Loans comprising the Closing Date Portfolio) or as at the Interest Payment Date immediately following the relevant Further Sale Date (in respect of Additional Loans), which breach is not remedied in accordance with the Mortgage Sale Agreement and has a material adverse effect on the value of that Loan, will be to require the Seller to repurchase any relevant Loan and its Related Security. There can be no assurance that the Seller will have the financial resources to honour such obligations under the Mortgage Sale Agreement. 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. For more information, see "*The Mortgages – Undertakings of the Seller"* above.

It should also be noted that any warranties made by the Seller in relation to Further Advances and/or Product Switches 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 (a) may, but is not obliged to, have regard to whether the Rating Agencies have confirmed in writing that they will not downgrade, withdraw or qualify the ratings of the rated Notes as a result of those amendments (and, for the avoidance of doubt, the Rating Agencies will not be required to provide such confirmation) or (b) has received written notice from the Cash Manager (for so long as The Co-operative Bank is the sole Cash Manager) to the Note Trustee and the Security Trustee certifying that such proposed action (i) is being taken solely to implement and reflect the then updated and published Rating Agency criteria of a Rating Agency, and (ii) the then current ratings of the rated Notes will not be downgraded or withdrawn by the Rating Agencies as a result of such action (upon which confirmation or certificate the Note Trustee and the Security Trustee shall be entitled to rely absolutely without liability to any person for so doing)). If Noteholders (who shall be notified of such proposed modification by the Issuer) representing at least 10 per cent. of the aggregate Principal Amount Outstanding of the Notes then outstanding have notified the Principal Paying Agent or 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 (such period to be not less than 30 calendar days in accordance with Condition 12.16 (*Additional Right of Modification*)) that they object to the modification, then such modification will not be made unless an Extraordinary Resolution of the Noteholders then outstanding is passed in favour of such modification in accordance with Condition 12 (*Meetings of Noteholders, Modification, Waiver and Substitution*). 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 rated Notes. Where the Seller is required to repurchase the relevant Loan and its Related Security because the warranties in respect of that Loan are not true as of the date they are made, there can be no assurance that the Seller 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.

Certain Regulatory considerations

FCA Regulation of Mortgage Business

The Financial Services and Markets Act 2000 (as amended) ("**FSMA**") regulates financial services in the United Kingdom. The FSMA states that no person may carry on a regulated activity in the United Kingdom, or purport to do so, unless he is an authorised person or an exempt person. Regulation of residential mortgage business under the FSMA came into force on 31 October 2004 (the date known as "**N(M)**" but also referred to as the "**Regulation Effective Date**").

On 1 April 2013, following amendments made to the FSMA by the Financial Services Act 2012 many functions of the Financial Services Authority were transferred to the Financial Conduct Authority (the "**FCA**") and the Prudential Regulation Authority (the "**PRA**"). Under the new structure, the FCA has taken over, among other things, the Financial Services Authority's responsibility for the authorisation and supervision of persons carrying on specified regulated mortgage-related activities under the FSMA. The PRA is responsible for the prudential supervision of deposit takers, insurers and a small number of significant investment firms. Depending on the scope of a firm's authorisation and permissions, firms involved in the residential mortgage market may be regulated by both authorities (in which case they will be known as dual-regulated firms) or by the FCA only. Firms authorised by the Financial Services Authority prior to 1 April 2013 had their authorisations transferred to the relevant authorities and did not need to apply for new authorisations.

The Financial Services and Markets Act 2000 (Regulated Activities) Order 2001 (as amended) (the "**Regulated Activities Order**") provides that after the Mortgage Regulation Date (as defined in the Regulated Activities Order) the following four activities will be regulated activities under the FSMA: (a) entering into as lender, (b) in certain circumstances administering, (c) arranging, and (d) advising

on a regulated mortgage contract. Agreeing to carry on any of these activities will also be a regulated activity.

If a mortgage contract was entered into on or after the Regulation Effective Date but before 21 March 2016, it will be a Regulated Mortgage Contract under the RAO if: (i) the lender provides credit to an individual or to trustees; and (ii) the obligation of the borrower to repay is secured by a first legal mortgage 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 broadly the person's spouse or civil partner, near relative or a person with whom the borrower (or in the case of credit provided to trustees, a beneficiary of the trust) has a relationship which is characteristic of a spouse.

There have been incremental changes to the definition of Regulated Mortgage Contract over time, including the removal of the requirement for the security to be first ranking and the extension of the territorial scope to cover property in the EEA rather than just the UK. If a mortgage contract was entered into on or after 21 March 2016, it will be a regulated mortgage contract if it meets the following conditions (when read in conjunction with and subject to certain relevant exclusions, such as the relevant exclusions for buy-to-let loans): (a) the borrower is an individual or trustee; and (b) the obligation of the borrower to repay is secured by a mortgage on land in the EEA, at least 40% of which 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.

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

The Regulated Activities Order sets out certain exclusions to these provisions. Among other things, these exclusions state that a person who is not an authorised person does not carry on the regulated activity of administering a regulated mortgage contract where he (i) arranges for another person, being an authorised person with permission to carry on an activity of that kind, to administer the contract or (ii) administers the contract himself during a period of not more than one month beginning with the day on which any such arrangement comes to an end.

The Seller and the Servicer each holds authorisation and permission to enter into and to administer and (where applicable) to advise in respect of Regulated Mortgage Contracts. Subject to certain exemptions, brokers will be required to hold authorisation and permission to arrange and, where applicable, to advise in respect of Regulated Mortgage Contracts. The Issuer is not and does not propose to be an authorised person under the FSMA. 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 having them administered pursuant to a servicing agreement by an entity having the required FCA authorisation and permission. If such a servicing agreement terminates, however, the Issuer will have a period of not more than one month beginning with the day on which any such arrangement comes to an end in which to arrange for mortgage administration to be carried out by a replacement servicer having the required FCA authorisation and permission.

The Issuer will not itself be an authorised person under the FSMA. However, in the event that a mortgage is varied, such that a new contract is entered into and that contract constitutes a Regulated

Mortgage Contract, then the arrangement of, advice on, administration of and entering into of such variation would need to be carried out by an appropriately authorised entity. In addition, on and after N(M), no variation has been or will be made to the Loans and no Further Advance or Product Switch has been or will be made in relation to a Loan, where it would result in the Issuer arranging or advising in respect of, administering or entering into a Regulated Mortgage Contract or agreeing to carry on any of these activities, if the Issuer would be required to be authorised under the FSMA to do so.

If the lender or any broker did not hold the required authorisation at the relevant time, the Regulated Mortgage Contract is unenforceable against the borrower except with the approval of a court. If the financial promotion was not issued or approved by an authorised person, the Regulated Mortgage Contract and any other "qualifying credit" is unenforceable against the borrower except with the approval of a court. An unauthorised person who administers a Regulated Mortgage Contract may commit a criminal offence, but this will not render the contract unenforceable against the borrower.

The FCA's Mortgages and Home Finance: Conduct of Business sourcebook ("**MCOB**"), which sets out the FCA's (and formerly, the FSA's) rules for regulated mortgage activities, came into force on 31 October 2004. These rules cover, *inter alia*, certain pre-origination matters such as financial promotion and pre-application illustrations, pre-contract and start-of-contract and post-contract disclosure, contract changes, charges and arrears and repossessions.

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

In this context, please see the section "*The Co-operative Bank p.l.c. – Litigation, arbitration and regulatory proceedings in relation to the Bank*".

In June 2010, the FSA made changes to MCOB (subsequently amended following implementation of the Mortgage Credit Directive on 21 March 2016, in particular MCOB 13 was amended to account for vulnerable customers and data sharing with other charge holders) which effectively convert previous guidance on the policies and procedures to be applied by authorised firms (such as the Seller) with respect to forbearance in the context of Regulated Mortgage Contracts into formal mandatory rules. Under these rules, a firm is restricted from repossessing a property unless all other reasonable attempts to resolve the position have failed and, in complying with such restriction, a firm is required to consider whether, given the borrower's circumstances, it is appropriate to take certain actions. Such actions refer to (among other things) the extension of the term of the mortgage, product type changes and deferral of interest payments. While the FCA has indicated that it does not expect each forbearance option referred to in the rules to be explored at every stage of interaction with the borrower, it is clear that these rules impose mandatory obligations on firms without regard to any relevant contractual obligations or restrictions which the relevant loan may be subject to as a result, *inter alia*, of such loan being contained within a securitisation transaction. As a result, the rules may operate in certain circumstances to require the Servicer to take certain forbearance-related actions which do not comply with the Transaction Documents (and, in particular, the servicing arrangements contemplated by such Transaction Documents) in respect of one or more Loans. No assurance can be made that any such actions will not impact on the Issuer's ability to make payments in full when due on the Notes, although the impact of this will depend on the number of Loans that involve a borrower who experiences payment difficulties.

Any further changes to MCOB or the FSMA, arising from changes to mortgage regulation or the regulatory structure, may adversely affect the Loans, the Seller, the Issuer, the Servicer and their respective businesses and operations. For further details on changes to MCOB or the FSMA, see the section "*Changes to United Kingdom and EU mortgage regulation*" below.

Changes to United Kingdom and EU mortgage regulation

There can be no assurance that the developments described below, in respect of the changing regulatory regime, will not have an effect on the mortgage market in the United Kingdom generally 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 and/or the Servicer and their respective businesses and operations. This may adversely affect the Issuer's ability to make payments on the Notes.

FCA mortgage market review

The FCA published final rules implementing its mortgage market review in October 2012. The majority of these new rules came into effect on 26 April 2014 through amendments to MCOB. Key changes include a requirement for lenders to undertake affordability assessments at origination (including verifying income in all cases) and undertake stress tests to ensure mortgages remain affordable when interest rates increase. The FCA started to track firms' progress towards implementation of the mortgage market review from the second quarter of 2013, and mortgages entered into on or after 26 April 2014 must comply with these rules. These rules only apply to a Loan if: (i) it is varied so as to increase the principal amount outstanding under the relevant Loan (e.g. by way of further advance) on or after 26 April 2014; and (ii) MCOB applies to the Loan generally as a regulated mortgage contract (as to which see "*Certain Regulatory Considerations – FCA Regulation of Mortgage Business*" above). To the extent that these rules do apply to any of the Loans, failure to comply with these rules may entitle a Borrower to claim damages for loss suffered or set-off the amount of the claim against the amount owing under the Loan. Any such claim or set off may adversely affect the Issuer's ability to make payment on the Notes.

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

The UK government had a policy commitment to move second charge lending into the regulatory regime for mortgage lending rather than the regime for consumer credit under which second charge lending fell. The UK government thought that there was a strong case for regulating lending secured on a borrower's home consistently, regardless of whether it is a first or subsequent charge. The European Mortgage Credit Directive (2014/17/EU) (the "**Mortgage Credit Directive**") also follows this principle and makes no distinction between requirements for first charge and second (and subsequent) charge mortgage lending. The UK government concluded that it made sense to implement the changes to second (and subsequent) charge lending alongside the implementation of the Mortgage Credit Directive. The UK government also proposed to move the regulation of second (and subsequent) charge loans already in existence before 21 March 2016 to the regulated mortgage contract regime rather than keeping them within the consumer credit regime. The policy of regulating lending secured on a borrower's home consistently also meant that the UK government decided to change the regulatory regime of pre-2004 first charge loans regulated by the CCA. Mortgage regulation under the FSMA began on 31 October 2004. Mortgages entered into before that date were regulated by the CCA, provided they did not exceed the financial threshold in place when they were entered into and were not otherwise exempt. In November 2015, the UK government made legislation which meant that the administration of and other activities relating to those pre-October 2004 first charge mortgages which were regulated by the CCA became regulated mortgage activities from 21 March 2017, although firms could have adopted the new rules from 21 March 2016 if they chose. The move of CCA regulated mortgages to the FSMA regime was implemented by the Mortgage Credit Directive Order 2015 on 21 March 2016 (the "**Mortgage Credit Directive Order**"). The

government has put in place transitional provisions for existing loans so that some of the CCA protections in place, when the loans were originally taken out, are not removed retrospectively.

Credit agreements that were originated before 21 March 2016, that were regulated by the CCA and that would have been regulated mortgage contracts had they been entered into on or after 21 March 2016 are defined by the Mortgage Credit Directive Order as "consumer credit back book mortgage contracts" and would also therefore be Regulated Mortgage Contracts. The main CCA consumer protection retained in respect of consumer credit back book mortgage contracts is the continuing unenforceability of the agreement if it was rendered unenforceable by the CCA prior to 21 March 2016. Unless the agreement was irredeemably unenforceable, the lender may enforce the agreement by seeking a court order or bringing any relevant period of non-compliance with the CCA to an end in the same manner as would have applied if the agreement was still regulated by the CCA. If a consumer credit back book mortgage contract was void as a result of Section 56(3) of the CCA, that agreement or the relevant part of it will remain void. Restrictions on early settlement fees will also be retained. If interest was not chargeable under a consumer credit back book mortgage contract due to non-compliance with Section 77A of the CCA (duty to serve an annual statement) or section 86B of the CCA (duty to serve a notice of sums in arrears), once the consumer credit back book mortgage contract is regulated by the FSMA under the Mortgage Credit Directive Order as of 21 March 2016, the sanction of interest not being chargeable under Section 77A of the CCA and Section 86D of the CCA ceases to apply, but only for interest payable under those loans after 21 March 2016. A consumer credit back book mortgage contract will also be subject to unfair relationship provisions described below. Certain provisions of MCOB are applicable to these consumer credit back book mortgage contracts. These include the rules relating to disclosure at the start of a contract and post-sale disclosure (MCOB 7), charges (MCOB 12) and arrears, payment shortfalls and repossessions (MCOB 13). General conduct of business standards will also apply (MCOB 2).The Seller has interpreted certain technical rules under the CCA in a way common with many other lenders in the mortgage market. If such interpretation were held to be incorrect by a court or the Financial Ombudsman Service (as defined below), then a Loan, to the extent that it is regulated by the CCA or treated as such, would be unenforceable as described above. If such interpretation were challenged by a significant number of Borrowers, then this could lead to significant disruption and shortfall in the income of the Issuer. Court decisions have been made on technical rules under the CCA against certain mortgage lenders, but such decisions are very few and are generally county court decisions which are not binding on other courts.

Other changes to mortgage regulation

There can be no assurance that this section comprehensively describes all proposed changes to relevant regulation or that there will be no further changes to regulation that may have an effect on the mortgage market in the United Kingdom generally or specifically in relation to the Seller. Further, there can neither be assurance that regulators' interpretation of existing rules and regulations will remain unchanged nor whether any such regulator may apply such interpretations in respect of actions or conduct already undertaken. Any such action or developments, in particular, but not limited to, the cost of compliance, may have a material adverse effect on the Seller, the Issuer and/or the Servicer and their respective businesses and operations. This may adversely affect the Issuer's ability to make payments on the Notes.

Given the high level of scrutiny regarding financial institutions' treatment of customers and business conduct from regulatory bodies, the media and politicians, there is a risk that certain aspects of the current or historic business of the 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 of which the Seller is not presently aware, including 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. Furthermore, the outcome of any ongoing disputes and legal, regulatory or other investigations or proceedings is difficult to predict.

Product intervention rules

The FCA has the power to render unenforceable contracts made in contravention of its product intervention rules. The FCA has the power to make product intervention rules under section 137D of the FSMA, prohibiting authorised persons from taking a number of actions, including entering into specified contracts with any person or with a specified person. The FCA is normally obliged to consult the public and prepare a cost-benefit analysis before making any rules but there is an exemption to this requirement, which allows the FCA to make temporary product intervention rules ("**TPIRs**") without consultation, if it considers that it is necessary or expedient to do so. TPIRs are intended to offer protection to consumers in the short term while either the FCA or the industry develop more permanent solutions and, in any event, are limited to a maximum duration of 12 months. In relation to agreements entered into in breach of a product intervention rule (including a TPIR), the FCA's rules may provide, (i) for the relevant agreement or obligation to be unenforceable; (ii) for the recovery of any money or other property paid or transferred under the agreement; or (iii) for the payment of compensation for any loss sustained under the relevant agreement or obligation.

In March 2013, the FCA published a policy statement "*The FCA's use of temporary product intervention rules*" that applies from 1 April 2013 addressing when and how the FCA will consider making TPIRs. The FCA will consider making TPIRs where it identifies a risk of consumer detriment arising from a product or practice and will make the rules if it deems prompt action is necessary to reduce or prevent that detriment. In particular, the FCA will consider factors such as the potential scale of detriment in the market and potential scale of detriment to individual customers, whether particular groups of customers (especially vulnerable customer groups) are more likely to suffer detriment and whether the use of TPIRs will have any unintended consequences.

Unfair credit relationships

The Consumer Credit Act 2006 (the "**CCA 2006**"), which amends and updates the CCA, was enacted on 30 March 2006 and was fully implemented by 31 October 2008. The CCA 2006 contains a number of provisions which may affect the individual Mortgages. In particular, the CCA 2006 contains a power for a court to alter the terms of a credit agreement where it considers that the relationship between the creditor and the debtor arising out of the agreement is "unfair" because of one or more of the following:

(a) any of the terms of the agreement or of any related agreement;

(b) the way in which the creditor exercised or enforced any of his rights under the agreement or any related agreement; and

(c) any other thing done (or not done) by, or on behalf of, the creditor (either before or after the making of the agreement or any related agreement).

In this context, "credit agreement" includes all agreements which would otherwise be exempt agreements under the CCA (other than regulated mortgage contracts under the terms of the FSMA regime). The provisions have the scope to be applied with full retrospective effect. An order made by the court where a creditor-debtor relationship is found to be "unfair" may, among other things, order a creditor, and any assignee such as the Issuer, to repay sums already paid by the debtor, reduce the

amount of future payments or otherwise alter the terms of the credit or related agreement. The sections relating to the "unfair relationship test" came into force on 6 April 2007. Credit agreements entered into after 6 April 2007 will be subject to the unfair relationship test. Credit agreements which were entered into prior to 6 April 2007 and which will continue in force after 6 April 2008 were subject to the extortionate credit bargain test until 6 April 2007. Thereafter, such credit agreements became subject to the unfair relationship test. Credit agreements which were in force prior to 6 April 2007 and which expired prior to 6 April 2008 continued to be subject to the extortionate credit bargain test.

The Seller has represented in the Mortgage Sale Agreement that all of the Borrowers are individuals.

The Seller will give warranties to the Issuer in the Mortgage Sale Agreement that, among other things, each Loan and its Related Security is enforceable (subject to exceptions). If a Loan or its Related Security does not comply with these warranties, such non-compliance causes a material adverse effect on the value of that Loan, and if the default (if capable of remedy) cannot be or is not cured within 90 Business Days of the Seller receiving notice of such non-compliance, then the Seller will, upon receipt of notice from the Issuer, be required to repurchase all of the relevant Loans secured on the same Property (together, forming one "**Mortgage Account**") and their Related Security from the Issuer.

Distance Marketing

The Financial Services (Distance Marketing) Regulations 2004 apply to, *inter alia*, credit agreements entered into on or after 31 October 2004 by means of distance communication (i.e. without any substantive simultaneous physical presence of the originator and the borrower). A Regulated Mortgage Contract under the FSMA, if originated by a UK lender from an establishment in the UK, will not be cancellable under these regulations but will be subject to related pre-contract disclosure requirements in MCOB. Certain other credit agreements will be cancellable under these regulations if the borrower does not receive the prescribed information at the prescribed time, or in any event for certain unsecured lending. Where the credit agreement is cancellable under these regulations, the borrower may send notice of cancellation at any time before the end of the 14th day after the day on which the cancellable agreement is made, where all the prescribed information has been received or, if later, the borrower receives the last of the prescribed information.

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

(a) the borrower is liable to repay the principal, and any other sums paid by the originator to the borrower under or in relation to the cancelled agreement, within 30 days beginning with the day of the borrower sending the notice of cancellation or, if later, the originator receiving notice of cancellation;

(b) the borrower is liable to pay interest, or any early repayment charge or other charge for credit under the cancelled agreement, only if the borrower received certain prescribed information at the prescribed time and if other conditions are met; and

(c) any security is treated as never having had effect for the cancelled agreement.

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

Unfair Consumer Contracts Terms Legislation

The Consumer Rights Act (2015) ("**CRA**") replaces the Sale of Goods Act, Unfair Terms in Consumer Contract Regulations and the Supply of Goods and Services Act.

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

The CRA has effect from 1 October 2015 and applies to all "consumer contracts" and "consumer notices" (which may be either oral or written) as defined by the CRA. Any term or consumer notice found to be "unfair" within the meaning of the CRA (contrary to the requirement of good faith, the term causes a significant imbalance in the parties' rights and obligations under the contract to the detriment of the consumer) will not be binding on the consumer. For example, if a term permitting the lender to vary the interest rate (as the Seller is permitted to do) were to be found by a court to be unfair under either the CRA or the UTCCR, the borrower will not be liable to pay interest at the increased rate or, to the extent that the borrower has paid it, will be able, as against the lender, or any assignee such as the Issuer, to claim repayment of the extra interest amounts paid or to set off the amount of the claim against the amount owing by the borrower under the credit agreement or any other credit agreement that the borrower has taken with the lender. The remainder of the contract continues, so far as practicable, to have effect in every other respect. There are no Loans in the Portfolio entered into on or after 1 October 2015 and as such the UTCCR, but not the CRA, will be applicable to any term of a Loan in the Portfolio. However, the CRA also has provisions for notices that relate to rights or obligations between a trader and a consumer or that purport to exclude or restrict a trader's liability to a consumer (requiring such notices to be fair and transparent). Such provisions of the CRA will apply to relevant notices given under the terms of the Loans (even though the CRA does not apply to the terms of such Loans themselves).

The CRA provides the following exemptions to the fairness test. Certain terms and notices covered by legal provisions, are exempt from the fairness test. This is sometimes referred to as the "mandatory statutory to regulatory exemption". Where consumers need information in order to understand the effects of the legal provisions this needs to be provided in or with the contract. It is therefore not sufficient for the wording used to only mention the relevant legal provisions by name. Secondly, a term may not be assessed for fairness where it specifies the main subject matter (the "core exemption") of the contract to the assessment is of the appropriateness of the price payable under the contract by comparison with the goods, digital content or services supplied under it. However, a core term may only be excluded from an assessment for fairness where it is both transparent and prominent. A term is transparent where it is expressed in plain and intelligible language and legible (where the term is written). The prominence of the term is determined by how the term is brought to the consumer's attention (in such a way that the average consumer would be aware of it). The average consumer is one who is "reasonably well informed, observant and circumspect". This means that onerous exclusions need to be prominently set out to avoid assessment for unfairness. In the CMA's view, in order to be prominent and benefit from the "core exemption", terms need to be brought to the consumer's attention in a way that is practically effective. It is not merely about highlighting terms

visually in the contract document. Where consumers need information in order to understand the effects of the legal provisions, this needs to be provided in or with the contract. It is therefore not sufficient for the wording used to only mention the relevant legal provisions by name.

Certain terms are presumed to be unfair and the CRA adds to the list of those under the UTCRRs those already recognised as unfair by including terms regarding: disproportionately high charges where the customer decides to cancel the contract; terms enabling the firm to determine the characteristics of the subject matter of the contract after the conclusion of the contract; and terms allowing the trader to determine the price after the consumer is bound by the agreement. The CRA also expressly states that in proceedings by consumers, the court is required to consider the fairness of a term, even if the consumer has not raised the issue, where the court has available to it the legal and factual elements necessary for that task.

The Competition and Markets Authority ("**CMA**") published its finalised guidance on the unfair terms provisions in the Consumer Rights Act on 31 July 2015 which sits alongside two complementary CMA publications aimed particularly at smaller businesses and others who require a short introduction to unfair terms law and to the CMA's approach to unfair terms enforcement.

Additionally, the FCA recently updated the Unfair Contract Terms Regulatory Guide ("**UNFCOG**") which sets out the FCA's approach to assessing the fairness of a contract term. In deciding whether to ask a firm to undertake to stop including a term in new contracts or to stop relying on it in concluded contracts, the FCA considers the full circumstances of each case, including:

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

Guidance withdrawn by the FCA relating to the law before the CRA should not be relied on as it may no longer reflect the FCA's view on unfair terms but may still be relevant to terms governed by the UTCCR as explained above.

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

would not have a material adverse effect on the Seller, the Issuer, the Note Trustee and the Security Trustee and their respective businesses and operations. This may adversely affect the Issuer's ability to make payments in full on the Notes when due.

The Seller will warrant to the Issuer and the Note Trustee in the Mortgage Sale Agreement that no Loan (whether alone or with any related agreement) constitutes an unfair relationship for the purposes of sections 140A to 140D of the CCA, and that the terms of each Loan are not "unfair terms" within the meaning of the UTCCR.

Financial Ombudsman Service

Under the FSMA, the Financial Ombudsman Service (the "**Ombudsman**") is required to make decisions on, among other things, complaints relating to activities and transactions under its jurisdiction on the basis of what, in the Ombudsman's opinion, would be fair and reasonable in all circumstances of the case, taking into account, among other things, law and guidance. Transitional provisions exist by which certain complaints relating to a breach of the Mortgage Code, issued by the Council of Mortgage Lenders, occurring before N(M) may be dealt with by the Ombudsman.

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. The maximum level of money awarded by the Ombudsman is GBP 150,000 for complaints received by the Ombudsman on or after 1 January 2012 (GBP 100,000 for earlier complaints) plus interest and costs. The Ombudsman may also make directions awards, which direct the business to take steps, as the Ombudsman considers just and appropriate.

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 a complaining borrower, it is not possible to predict how any future decision of the Ombudsman would affect the ability of the Issuer to make payments to Noteholders.

Consumer Protection from Unfair Trading Regulations 2008

The Unfair Commercial Practices Directive ("**UCP**"), which took effect on 11 May 2005, seeks to regulate unfair commercial practices across the EU by establishing rules for the protection of consumers. Generally, the UCP applies full harmonisation, which means that member states of the European Union may not impose more stringent provisions in the fields to which full harmonisation applies. By way of exception, this Directive permits member states of the European Union to impose more stringent provisions in the fields of financial services and immovable property, such as mortgage loans. The UCP provided for a transitional period until 12 June 2013 for applying full harmonisation in the fields to which it applies.

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

In the UK, the UCP was implemented through the Consumer Protection from Unfair Trading Regulations 2008 (the "**CPUTR**"), which came into force on 26 May 2008. While engaging in an unfair commercial practice does not render a contract void or unenforceable, to do so is an offence punishable by a fine and/or imprisonment. Consequently, there is a risk that breach of the CPUTR would initiate intervention by a regulator and may lead to criminal sanctions.

The Consumer Protection (Amendment) Regulations 2014 (SI No. 870/2014) came into force on 1 October 2014. In certain circumstances, these amendments to the CPUTR give consumers a right to redress for misleading or aggressive commercial practices (as defined in the CPUTR), including a right to unwind agreements.

In addition, the Unfair Practices Directive 2005 (the "**Unfair Practices Directive**") is taken into account in reviewing rules under the FSMA. For example, MCOB rules for regulated mortgage contracts from 25 June 2010 prevent the lender from: (a) repossessing the property unless all other reasonable attempts to resolve the position have failed, which include considering whether it is appropriate to offer an extension of term, or conversion to interest-only for a period, or a product switch; and (b) automatically capitalising a payment shortfall.

No assurance can be given that the implementation of the Unfair Practices Directive into UK law will not have a material adverse effect on the Loans or the manner in which they are serviced and accordingly on the ability of the Issuer to make payments to Noteholders.

No assurance can be given that the CPUTR will not adversely affect the ability of the Issuer to make payments on the Notes. Furthermore, the Consumer Protection (Amendment) Regulations 2014 came into force on 1 October 2014. The legislation gives consumers a direct right of action including a right to unwind agreements within 90 days of entering into the contract if a misleading or aggressive practice under the CPUTR was a significant factor in the consumer's decision to enter into the contract. The amendments to CPUTR also extend the regime so that it covers misleading and aggressive demands for payment. The legislation applies to demands for payment for restricted-use credit (where the credit must be used to finance a particular transaction) where the misleading or aggressive commercial practice:

(a) began before 1 October 2014 and continues after that date – however, a consumer will only be able to exercise his new direct rights of action if a contract is entered into, or payments are made, after the date the legislation comes into force; and

(b) occurs on or after 1 October 2014.

Mortgage repossession

A protocol for mortgage repossession cases in England and Wales issued by the Civil Justice Council came into force on 19 November 2008 and sets out the steps that judges will expect any lender to take before starting a claim. A number of mortgage lenders 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 is subject to the wishes of the borrower and may not apply in cases of fraud.

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.

The protocol may have adverse effects in markets experiencing above average levels of possession claims. Delays in the initiation of responsive action in respect of the Loans may result in lower recoveries and a lower repayment rate on the Notes.

Potential effects of any additional regulatory changes

No assurance can be given that additional regulatory changes by the FCA, PRA, Bank of England, Ombudsman 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, Servicer or Issuer. Any such action or developments or compliance costs may have a material adverse effect on the Seller, the Issuer, the Servicer and their respective businesses and operations. This may adversely affect the Issuer's ability to make payments in full on the Notes when due.

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*"). If certain insolvency proceedings are commenced in respect of the Issuer, the ability to realise the Security may be delayed and/or the value of the Security impaired.

The Insolvency Act 1986 allows for the appointment of an administrative receiver in relation to certain transactions in the capital markets. Although there is as yet no case law on how these provisions will be interpreted, it should be applicable to the floating charge created by the Issuer and granted by way of security to the Security Trustee. However, as this is partly a question of fact, were it not to be possible to appoint an administrative receiver in respect of the Issuer, the Issuer would be subject to administration if it became insolvent which may lead to the ability to realise the Security being delayed and/or the value of the Security being impaired.

In addition, it should be noted that, to the extent that the assets of the Issuer are subject only to a floating charge (including any fixed charge recharacterised by the courts as a floating charge), in certain circumstances under the provisions of section 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 claims of unsecured creditors. While certain of the covenants given by the Issuer in the Transaction Documents are intended to ensure it has no significant creditors other than the secured creditors under the Deed of Charge, it will be a matter of fact as to whether the Issuer has any other such creditors at any time. There can be no assurance that the Noteholders will not be adversely affected by any such reduction in floating charge realisations upon the enforcement of the Security.

While the transaction structure is designed to minimise the likelihood of the Issuer becoming insolvent, there can be no assurance that the Issuer will not become insolvent and/or the subject of insolvency proceedings and/or that the Noteholders would not be adversely affected by the application of insolvency laws (including English insolvency laws).

Fixed charges may take effect under English law as floating charges

The law in England and Wales relating to the characterisation of fixed charges is unsettled. The fixed charges purported to be granted by the Issuer (other than by way of assignment in security) may take effect under English law as floating charges only, if, for example, it is determined that the Security Trustee does not exert sufficient control over the Charged Property. If the charges take effect as floating charges instead of fixed charges, then, as a matter of law, certain claims would have priority over the claims of the Security Trustee in respect of the floating charge assets.

The interest of the Secured Creditors in property and assets over which there is a floating charge will rank behind the expenses of any administration or liquidator and the claims of certain preferential creditors on enforcement of the Security. Section 250 of the Enterprise Act 2002 abolishes Crown Preference in relation to all insolvencies (and thus reduces the categories of preferential debts that are

to be paid in priority to debts due to the holder of a floating charge) but section 176A of the Insolvency Act 1986 requires a "**prescribed part**" (up to a maximum amount of £600,000) of the floating charge realisations available for distribution to be set aside to satisfy the claims of unsecured creditors. This means that the expenses of any administration, the claims of preferential creditors and the beneficiaries of the prescribed part will be paid out of the proceeds of enforcement of the floating charge ahead of amounts due to Noteholders. The prescribed part will not be relevant to property subject to a valid fixed security interest or to a situation in which there are no unsecured creditors.

Liquidation expenses

Prior to the House of Lords' decision in the case of *Re Leyland Daf* [2004] UKHL 9 ("***Re Leyland Daf***"), the general position was that, in a liquidation of a company, the liquidation expenses ranked ahead of unsecured debts and floating chargees' claims. *Re Leyland Daf* reversed this position so that liquidation expenses could no longer be recouped out of assets subject to a floating charge. However, section 176ZA of the Insolvency Act 1986, which came into force on 6 April 2008, effectively reversed by statute the House of Lords' decision in *Re Leyland Daf*. As a result, costs and expenses of a liquidation will be payable out of floating charge assets in priority to the claims of the floating charge holder. In respect of certain litigation expenses of the liquidator only, this is subject to the approval of the amount of such expenses by the floating charge holder (or, in certain circumstances, the court) pursuant to rules 4.218A to 4.218E of the Insolvency (England and Wales) Rules 2016 (as amended). In general, the reversal of *Re Leyland Daf* applies in respect of all liquidations commenced on or after 6 April 2008.

Therefore, floating charge realisations upon the enforcement of the floating charge security to be granted by the Issuer would be reduced by the amount of all, or a significant proportion of, any liquidation expenses.

Insolvency proceedings and subordination provisions

There is uncertainty as to the validity and/or enforceability of a provision which (based on contractual and/or trust principles) subordinates certain payment rights of a creditor to the payment rights of other creditors of its counterparty upon the occurrence of insolvency proceedings relating to that creditor. In particular, recent cases have focused on provisions involving the subordination of a hedging 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 which will be included in the Transaction Documents relating to the subordination of Fixed Rate Swap Excluded Termination Amount.

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. The implications of this conflict remain unresolved.

If a creditor of the Issuer (such as the Fixed Rate Swap Provider) or a related entity becomes subject to insolvency proceedings in any jurisdiction outside England and Wales (including, but not limited to, the 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 Priorities of Payments which refers to the ranking of the Fixed Rate Swap Provider's payment rights in respect of Fixed Rate Swap Excluded Termination Amount). In particular, based on the decision of the US 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 the Fixed Rate Swap

Provider given that it has assets and/or operations in the U.S., notwithstanding that it is a non-U.S. established entity (and/or with respect to any replacement 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 Noteholders, the market value of the Notes and/or the ability of the Issuer to satisfy its obligations under the Notes.

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

Banking Act 2009 and the European Union Bank Recovery and Resolution Directive

The UK Banking Act 2009 (the "**Banking Act**") includes provision for a special resolution regime pursuant to which specified UK authorities have the power to apply certain tools (by way of instrument or order) to deal with the failure (or likely failure) of a UK bank or building society. The Banking Act has been amended a number of times, most recently on 1 January 2015, to ensure that it is compliant with the EU's Bank Recovery and Resolution Directive (2014/59/EU) (the "**Directive**"). The Directive was published in the Official Journal of the EU on 12 June 2014 and largely came into force on 2 July 2014. Among other things, the Directive provides for the introduction of a package of minimum early intervention and resolution-related tools and powers for relevant authorities (including a bail-in tool) and for special rules for cross-border groups.

Provision has been made for certain tools to be used in respect of a wider range of UK entities, including banks, investment firms and certain banking group companies.

The tools currently available under the Banking Act include share and property transfer powers (including powers for partial property transfers), certain ancillary powers (including powers to modify certain contractual arrangements in certain circumstances) and special insolvency procedures which may be commenced by the UK authorities. It is possible that these extended tools could be used prior to the point at which an application for insolvency proceedings with respect to a relevant entity could be made. In general, there is considerable uncertainty about the scope of the powers afforded to UK authorities under the Banking Act and how the UK authorities may choose to exercise them. Further, UK authorities have a wide discretion in exercising their powers under the special resolution regime, including modifying or setting aside any Act of Parliament by order of HM Treasury to facilitate its Banking Act objectives.

Although no instrument or order has been made under the provisions of the Banking Act in respect of a relevant transaction entity, as described above, such instrument order or the bail-in power may if used (among other things) affect the ability of other entities (such as The Co-operative Bank and the Collection Account Bank) to satisfy their obligations under the Relevant Documents and/or result in modifications to such documents, which may in turn affect the Issuer's ability to meet its obligations in respect of the Notes. For example, certain of the Seller's liabilities (including the undertakings to make whole the Issuer in certain circumstances) might be bailed-in in whole or part.

For example, the Seller is a "banking group company" for the purposes of the Banking Act (although such status may change, for example, following the subsequent sale of the Servicer) and consequently certain of its liabilities towards other persons, including the Issuer, may therefore be vulnerable to

bail-in. Among other things, the Seller's undertakings to make whole the Issuer in certain circumstances might therefore be bailed-in in whole or part, and this may in turn affect the Issuer's ability to meet its obligations in respect of the Notes.

The Issuer is not part of The Co-operative Bank's consolidation group and, moreover, is a securitisation company and therefore not a "banking group company" for the purposes of the UK Banking Act 2009. Therefore, such tools could not be directly applied to the Issuer and so, for example, the Notes would not directly become subject to a bail-in under the Banking Act (or other legislation implementing the Directive). Nonetheless, there is the risk that such tools may be applied to other entities in a manner that indirectly affects the ability of the Issuer to meet its obligations in respect of the Notes, as discussed above.

Legal considerations may restrict certain investments

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

The proposed financial transactions tax ("FTT")

On 14 February 2013, the European Commission published a proposal (the "**Commission's Proposal**") for a Directive for a common FTT in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the "**participating Member States**"). However, Estonia has since stated that it will not participate.

The Commission's Proposal has very broad scope and could, if introduced, apply to certain dealings in the Notes (including secondary market transactions) in certain circumstances.

Under the Commission's Proposal, the FTT could apply in certain circumstances to persons both within and outside of the participating Member States. Generally, it would apply to certain dealings in the Notes where at least one party is a financial institution, and at least one party is established in a participating Member State. A financial institution may be, or be deemed to be, "established" in a participating Member State in a broad range of circumstances, including (a) by transacting with a person established in a participating Member State or (b) where the financial instrument which is subject to the dealings is issued in a participating Member State.

However, the FTT proposal remains subject to negotiation between participating Member States. It may therefore be altered prior to any implementation, the timing of which remains unclear. Additional EU Member States may decide to participate.

Prospective holders of the Notes are advised to seek their own professional advice in relation to the FTT.

Withholding Tax under the 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 7.4 (*Optional Redemption for Taxation or Other Reasons*) of the Notes, 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 provided that the same would avoid such an imposition. If the Issuer is unable to arrange such an appointment or substitution then the Issuer may, in accordance with Condition 7.4 (*Optional Redemption for Taxation or Other Reasons*) of the Notes, 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.

As of the date of this Prospectus, no withholding or deduction for or on account of UK tax will be required on interest payments to any holders of the Class A Notes **provided that** the Class A 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 Irish Stock Exchange plc, trading as Euronext Dublin is currently a recognised stock exchange for such purposes and the Class A Notes will be treated as listed on Euronext Dublin 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 the Irish Stock Exchange plc, trading as Euronext Dublin. However, there can be no assurance that the law in this area will not change during the life of the Class A Notes. The applicability of any withholding or deduction for or on account of United Kingdom taxes is discussed further under "*United Kingdom Taxation*".

UK tax treatment of the Issuer

The Issuer has been advised that it should fall within the permanent regime for the taxation of securitisation companies (as introduced by the Taxation of Securitisation Companies Regulations 2006 (SI 2006/3296) (the "**TSC Regulations**")). If the TSC Regulations apply to a company, then, broadly, it will be subject to corporation tax on the cash profit retained by it for each accounting period in accordance with the transaction documents.

Investors should note, however, that the TSC Regulations are in short-form and advisers rely significantly upon guidance from the UK tax authorities when advising on the scope and operation of the TSC Regulations including whether any particular company falls within the regime.

Prospective Noteholders should note that if the Issuer did not fall to be taxed (or subsequently ceased to be taxed) under the regime provided for by the TSC Regulations then its profits or losses for tax purposes might be different from its cash position. Any unforeseen taxable profits in the Issuer could have an adverse effect on its ability to make payments to the Noteholders and may result in investors receiving less interest and/or principal than expected.

EU Referendum

On 23 June 2016, the United Kingdom voted to leave the European Union in a referendum (the "**Brexit Vote**") and on 29 March 2017 the United Kingdom gave formal notice (the "**Article 50 Notice**") under Article 50 of the Treaty on European Union ("**Article 50**") of its intention to leave the European Union.

This commenced the formal two-year process of negotiations regarding the terms of the withdrawal and the framework of the future relationship between the UK and the European Union (the "**article 50 withdrawal agreement**"). As part of those negotiations, a transitional period has been agreed in principle which would extend the application of European Union law, and provide for continuing access to the European Union single market, until the end of 2020 and probably longer.

The article 50 withdrawal agreement has not yet been ratified by the UK or the European Union. The parties have agreed to an extended time line which allows for ratification to take place any time prior to 31 October 2019. To the extent ratification does take place ahead of 31 October 2019, the UK would leave on the first date of the month following ratification. However, it remains uncertain

whether the article 50 withdrawal agreement, or any alternative agreement, will be finalised and ratified by the UK and EU ahead of the deadline. If that deadline of 31 October 2019 is not met, unless the negotiation period is further extended or the Article 50 notification revoked, the Treaty on the European Union and the Treaty on the Functioning of the EU will cease to apply to the UK and the UK will lose access to the EU single market. While continuing to discuss the article 50 withdrawal agreement and political declaration, the UK Government has commenced preparations for a "hard" Brexit (or "no-deal" Brexit) to minimise the risks for firms and businesses associated with an exit with no transitional agreement. This has included publishing draft secondary legislation under powers provided in the EU (Withdrawal) Act 2018 to ensure that there is a functioning statute book after any exit without a transitional period.

Due to the ongoing political uncertainty as regards the terms of the UK's withdrawal from the European Union and the structure of the future relationship, it is not possible to determine the precise impact on general economic conditions in the UK, including the performance of the UK housing market. It is also not possible to determine the precise impact that these matters will have on the business of the Issuer (including the performance of the underlying loans), any other party to the transaction documents and/or any borrower in respect of the underlying loans, or on the regulatory position of any such entity or of the transactions contemplated by the transaction documents under European Union regulation or more generally.

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

Book-Entry Interests

Unless and until Registered Definitive Notes are issued in exchange for the Book-Entry Interests, holders and beneficial owners of Book-Entry Interests will not be considered the legal owners or holders of the Class A Notes under the Trust Deed. 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 Notes to Euroclear or Clearstream, Luxembourg or to holders or beneficial owners of Book-Entry Interests.

A nominee of the Common Safekeeper or the Common Depositary (as applicable) will be considered the registered holder of the Class A Notes as shown in the records of Euroclear or Clearstream, Luxembourg and will be the sole legal holder of the Global Notes under the Trust Deed while the Notes are represented by the Global Notes. Accordingly, each person owning a Book-Entry Interest must rely on the relevant procedures of Euroclear and Clearstream, Luxembourg and, if such person is not a participant in such entities, on the procedures of the participant through which such person owns its interest, to exercise any right of a Noteholder under the Trust Deed.

Except as noted in the previous paragraphs, payments of principal and interest on, and other amounts due in respect of, the Global Note will be made by the Principal Paying Agent to the Clearing Systems in the case of the Global Note. Upon receipt of any payment from the Principal Paying Agent, Euroclear and Clearstream, Luxembourg, as applicable, will promptly credit participants' accounts with payment in amounts proportionate to their respective ownership of Book-Entry Interests as shown on their records. 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 "street name", and will be the responsibility of such participants or indirect participants. None of the Issuer, the Note Trustee, the Security Trustee, any Paying Agent, the Registrar or the VFN Registrar 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.

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

Although Euroclear and Clearstream, Luxembourg have agreed to certain procedures to facilitate transfers of Book-Entry Interests among account holders of Euroclear and Clearstream, Luxembourg, they are under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued at any time. None of the Issuer, the Note Trustee, the Security Trustee, any Paying Agent, the Registrar, the VFN Registrar or any of their agents will have any responsibility for the performance by Euroclear or Clearstream, Luxembourg or their respective participants or account holders of their respective obligations under the rules and procedures governing their operations.

The lack of Notes in physical form could also make it difficult for a Noteholder to pledge such Notes if Notes in physical form are required by the party demanding the pledge and hinder the ability of the Noteholder to recall such Notes because some investors may be unwilling to buy Notes that are not in physical form.

Certain transfers of Notes or interests therein may only be effected in accordance with, and subject to, certain transfer restrictions and certification requirements.

Change of Law

The structure of the transaction and, *inter alia*, the issue of the Notes and the ratings which are to be assigned to the Notes are based on the law and administrative practice in effect as at the date of this Prospectus as it affects the parties to the transaction and the Portfolio, and having regard to the expected tax treatment of all relevant entities under such law and practice. No assurance can be given as to the impact of any possible change to such law (including any change in regulation which may occur without a change in primary legislation) and practice or tax treatment after the date of this Prospectus nor can any assurance be given as to whether any such change would adversely affect the ability of the Issuer to make payments under the Notes.

Impact of recent derivative reforms on the Fixed Rate Swaps

As noted above, the Notes will have the benefit of certain derivative instruments, namely the Fixed Rate Swaps. In this regard, it should be noted that the derivatives markets are subject to extensive implemented regulation in a number of jurisdictions, including in Europe pursuant to 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 ("**EMIR**") and in the U.S. under the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (the "**Dodd-Frank Act**").

It is possible that such regulation will increase the costs of and restrict participation in the derivatives markets, thereby increasing the costs of engaging in hedging or other transactions and reducing liquidity and the use of the derivatives markets. If applicable in the context of the Fixed Rate Swap Agreement, such additional requirements, corresponding increased costs and/or related limitations on

the ability of the Issuer to hedge certain risks may reduce amounts available to the Issuer to meet its obligations and may result in investors' receiving less interest or principal than expected.

With respect to the risks referred to above, see also "*Impact of EMIR on the Fixed Rate Swaps*" below for further details.

Impact of EMIR on the Fixed Rate Swaps

EMIR as amended by Regulation (EU) No 2019/834 (**EMIR Refit 2.1**) prescribes a number of regulatory requirements for counterparties to derivatives contracts including (i) a mandatory clearing obligation for certain classes of OTC derivatives contracts (the "**Clearing Obligation**"); (ii) collateral exchange, daily valuation and other risk mitigation requirements for OTC derivatives contracts not subject to clearing (the "**Risk Mitigation Requirements**"); and (iii) certain reporting requirements. In general, the application of such regulatory requirements in respect of the Fixed Rate Swaps will depend on the classification of the counterparties to such derivative transactions.

Pursuant to EMIR, counterparties can be classified as: (i) financial counterparties ("**FCs**" (which, following changes made by EMIR Refit 2.1, includes a sub-category of small FC (**SFCs**), and (ii) non-financial counterparties ("**NFCs**"). The category of NFC is further split into: (i) non-financial counterparties above the "clearing threshold" ("**NFC+s**"), and (ii) non-financial counterparties below the "clearing threshold" ("**NFC-**s"). Whereas FCs and NFC+ entities may be subject to the Clearing Obligation or, to the extent that the relevant swaps are not subject to clearing, to the collateral exchange obligation and the daily valuation obligation under the Risk Mitigation Requirements, such obligations do not apply in respect of NFC- entities.

The Issuer is currently an NFC-, although a change in its position cannot be ruled out. Should the status of the Issuer change to NFC+ or FC, this may result in the application of the Clearing Obligation or the collateral exchange obligation and daily valuation obligation under the Risk Mitigation Requirements, although it seems unlikely that the Fixed Rate Swap Agreement would be a relevant type of OTC derivative contract that would be subject to the Clearing Obligation under the relevant implementing measures made to date. It should also be noted that the collateral exchange obligation should not apply in respect of the Fixed Rate Swaps entered into prior to the relevant application date, unless such a swap is materially amended on or after that date.

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

The Issuer will be required to continually comply with EMIR while it is party to any interest rate swaps, including the Fixed Rate Swaps, including any additional provisions or technical standards which may come into force or become applicable after the Closing Date, and this may necessitate amendments to the Transaction Documents and/or the entry into further agreements. Subject to receipt by the Note Trustee of a certificate from the Issuer (or Cash Manager (for so long as The Co-operative Bank is the sole Cash Manager) on its behalf) certifying to the Note Trustee and the Security Trustee that the amendments requested by the Issuer are to be made solely for the purpose of enabling the Issuer and/or the Fixed Rate Swap Provider to comply with any requirements under EMIR, the Note Trustee shall be obliged, without any consent or sanction of the Noteholders to concur with the Issuer, in making any modification (other than in respect of a Basic Terms Modification), to concur with the Issuer in entering into any further agreements and/or making any modification to the Conditions or

any other Transaction Document to which either the Note Trustee or the Security Trustee is a party in order to enable the Issuer to comply with any requirements which apply to it under EMIR, subject to the provisos described more fully in Condition 12.16 (*Additional Right of Modification*).

It should also be noted that the Securitisation Regulation (which has applied in general from 1 January 2019), among other things, makes provisions for the development of technical standards in connection with the EMIR regime specifying (i) an exemption from clearing obligations and (ii) a partial exemption from the collateral exchange obligations for non-cleared OTC derivatives, in each case for "simple, transparent and standardised" (STS) securitisation swaps (subject to the satisfaction of the relevant conditions). The final draft technical standards have been prepared by the European Supervisory Authorities and submitted to the European Commission in December 2018 and these are now subject to the EU political negotiation process. As a result, the time of entry into force and the date of application of the new technical standards is unknown at this point.

As noted in "*Simple, transparent and standardised securitisations*" section below, Co-op intends to make the STS Notification. However, until the final new technical standards referred to above are in force, no assurance can be given that the Fixed Rate Swaps will meet the applicable exemption criteria provided therein. Notwithstanding the STS designation and the ability, as a result, to rely on the exemptions from clearing and collateral exchange obligations under the EMIR regime, the expectation is that the Issuer should not be required to comply with the EMIR collateral exchange obligations and clearing requirements for the reasons outlined above (being its NFC- status) in any event. The STS designation and the related forthcoming exemptions from collateral exchange obligations and clearing requirements are only likely to become relevant should the status under the EMIR of the Issuer change from NFC- to NFC+ or FC and, if applicable, should the Fixed Rate Swaps be regarded as a type that is subject to the Clearing Obligation.

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". Although other exclusions may be available to the Issuer, this view is based on the conclusion that the Issuer satisfies all the elements of the exemption from the definition of "investment company" in the Investment Company Act 1940 provided by Section 3(c)(5)(C) thereunder. The general effects of the Volcker Rule remain uncertain. Any prospective investor in the Notes, including a U.S. or foreign bank or a subsidiary or other affiliate thereof, should consult its own legal advisers regarding such matters and other effects of the Volcker Rule.

U.S. Risk Retention Requirements

Section 941 of the Dodd-Frank Act of 2010 amended the Exchange Act to generally require the "securitizer" of a "securitization transaction" to retain at least 5 % of the "credit risk" of "securitized assets", as such terms are defined for the purposes of that statute, and generally prohibit a securitizer from directly or indirectly eliminating or reducing its credit exposure by hedging or otherwise transferring the credit risk that the securitizer is required to retain. The U.S. Risk Retention Rules came into effect on 24 December 2015 with respect to residential mortgage-backed securitizations. The U.S. Risk Retention Rules provide that the securitizer of an asset-backed securitization is its sponsor. The U.S. Risk Retention Rules also provide for certain exemptions from the risk retention obligation that they generally impose.

The Seller, as the sponsor under the U.S. Risk Retention Rules, does not intend to retain at least 5 per cent. of the credit risk of the securitized assets for purposes of compliance with the U.S. Risk Retention Rules, but rather intends to rely on an exemption provided for in Section 20 of the U.S. Risk Retention Rules regarding non-U.S. transactions. Such non-U.S. transactions must meet certain

requirements, including that (1) the transaction is not required to be and is not registered under the Securities Act; (2) no more than 10 per cent. of the dollar value (or equivalent amount in the currency in which the "ABS interests" (as defined in Section 20 of the U.S. Risk Retention Rules) are issued) of all classes of ABS interests issued in the securitization transaction are sold or transferred to, or for the account or benefit of, U.S. persons (as defined in the U.S. Risk Retention Rules, "**Risk Retention U.S. Persons**"); (3) neither the sponsor nor the issuer of the securitization transaction is organised under U.S. law or is a branch located in the United States of a non-U.S. entity; and (4) no more than 25 per cent. of the underlying collateral was acquired from a majority-owned affiliate or branch of the sponsor or issuer organised or located in the United States.

The Portfolio will comprise of mortgage loans and their related security, all of which are originated by the Originator, being a company incorporated in England. See the section entitled "*The Co-operative Bank p.l.c.*".

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

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

(a) any natural person resident in the United States;

(b) any partnership, corporation, limited liability company, or other organisation or entity organised or incorporated under the laws of any State or of the United States[1];

(c) any estate of which any executor or administrator is a U.S. person (as defined under any other clause of this definition);

(d) any trust of which any trustee is a U.S. person (as defined under any other clause of this definition);

(e) any agency or branch of a foreign entity located in the United States;

(f) any non-discretionary account or similar account (other than an estate or trust) held by a dealer or other fiduciary for the benefit or account of a U.S. person (as defined under any other clause of this definition);

(g) any discretionary account or similar account (other than an estate or trust) held by a dealer or other fiduciary organised, incorporated, or (if an individual) resident in the United States; and

(h) any partnership, corporation, limited liability company, or other organisation or entity if:

(i) organised or incorporated under the laws of any foreign jurisdiction; and

[1] The comparable provision from Regulation S is "(ii) any partnership or corporation organized or incorporated under the laws of the United States".

(ii) formed by a U.S. person (as defined under any other clause of this definition) principally for the purpose of investing in securities not registered under the Securities Act[2];

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

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

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

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

None of the Arranger, the Issuer or any other Transaction Party or any of their affiliates makes any representation to any prospective investor or purchaser of the Notes as to whether the transactions described in this Prospectus comply as a matter of fact with the U.S. Risk Retention Rules on the Issue Date or at any time in the future. Investors should consult their own advisers as to the U.S. Risk Retention Rules. No predictions can be made as to the precise effects of such matters on any investor or otherwise.

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 Co-operative Bank.

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

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

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 per cent. 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 were to be served on the Issuer, this could adversely affect the interests of the Noteholders.

Implementation of and/or changes to the Basel III framework may affect the capital requirements and/or the liquidity associated with a holding of the Notes for certain investors

The Basel Committee on Banking Supervision (the "**BCBS**") approved a series of significant changes to the Basel II regulatory capital and liquidity framework in 2011 (such changes being commonly referred to as "**Basel III**"). In particular, Basel III provides for a substantial strengthening of existing prudential rules, including new requirements intended to reinforce capital standards (with heightened requirements for global systemically important banks) and to establish a leverage ratio "backstop" for financial institutions and certain minimum liquidity standards (referred to as the "**Liquidity Coverage Ratio**" and the "**Net Stable Funding Ratio**").

In particular, it should be noted that the BCBS has approved a series of significant changes to the Basel regulatory capital and liquidity framework (such changes being referred to by the BCBS as "**Basel III**"). Basel III provides for a substantial strengthening of existing prudential rules, including new requirements intended to reinforce capital standards (with heightened requirements for global systemically important banks) and to establish a leverage ratio "backstop" for financial institutions and certain minimum liquidity standards (referred to as the Liquidity Coverage Ratio and the Net Stable Funding Ratio). BCBS member countries agreed to implement the initial phase of the Basel III reforms from 1 January 2013 and the second phase from 1 January 2022, subject to transitional and phase-in arrangements for certain requirements. As implementation of Basel III requires national legislation, the final rules and the timetable for its implementation in each jurisdiction, as well as the treatment of covered bonds, may be subject to some level of national variation. It should also be noted that changes to regulatory capital requirements have been made for insurance and reinsurance undertakings through participating jurisdiction initiatives, such as the Solvency II framework in Europe.

In general, investors should consult their own advisers as to the regulatory capital requirements in respect of the Notes and as to the consequences to and effect on them of any changes to the Basel framework (including the changes described above) and the relevant implementing measures. No predictions can be made as to the precise effects of such matters on any investor or otherwise.

Regulatory initiatives may result in increased regulatory capital requirements and/or decreased liquidity in respect 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 capital charge to certain investors in securitisation exposures and/or the incentives for certain investors to hold asset-backed securities, and may thereby affect the liquidity of such

securities. In particular, please see the section below entitled "*Certain Regulatory Disclosures*". Investors in the Notes are responsible for analysing their own regulatory position and none of the Issuer, the Arranger, the Seller, or any party to a relevant Transaction Document makes any representation to any prospective investor or purchaser of the Notes regarding the regulatory capital treatment of their investment in the Notes on the Closing Date or at any time in the future.

In particular, investors should be aware of the EU risk retention and due diligence requirements which currently apply, or are expected to apply in the future, in respect of various types of EU regulated investors, including credit institutions, authorised alternative investment fund managers, investment firms, insurance and reinsurance undertakings, UCITS funds and institutions for occupational retirement pensions. 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 ongoing basis, a net economic interest of not less than 5 per cent. 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. Investors should therefore make themselves aware of such requirements (and any corresponding implementing rules of their regulator), where applicable to them, in addition to any other regulatory requirements applicable to them with respect to their investment in the Notes. With respect to the commitment of the Seller to retain a material net economic interest in the securitisation and with respect to the information to be made available by the Seller, please see the statements set out in the section of this Prospectus headed "*Certain Regulatory Disclosures*". 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, the Arranger, the Note Trustee, the Security Trustee or any other party to the relevant Transaction Documents makes any representation that the information described above is sufficient in all circumstances for such purposes.

The EU risk retention and due diligence requirements 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. Such requirements may also change over time, such that there can be no assurance that investors' holdings of Notes will be, or will remain, compliant with relevant requirements or changes thereto.

CRA Regulations

In general, European-regulated investors are restricted under the CRA Regulation from using credit ratings for regulatory purposes, unless such ratings are issued by a credit rating agency established in the EU and registered under the CRA Regulation (and such registration has not been withdrawn or suspended), subject to transitional provisions that apply in certain circumstances while the registration application is pending. Such general restriction will also apply in the case of credit ratings issued by non-EU credit rating agencies, unless the relevant credit ratings are endorsed by an EU-registered credit rating agency or the relevant non-EU rating agency is certified in accordance with the CRA Regulation (and such endorsement action or certification, as the case may be, has not been withdrawn or suspended).

Credit ratings included or referred to in this Prospectus have been or, as applicable, may be issued by Moody's and Fitch, each of which, as at the date of this Prospectus, is a credit rating agency established in the European Community and registered under the CRA Regulation.

It should be noted that the European authorities have adopted and finalised two new regulations related to securitisation (being Regulation (EU) 2017/2402 and Regulation (EU) 2017/2401) which apply in general from 1 January 2019. Among other things, the regulations include provisions intended to implement the revised securitisation framework developed by BCBS (with adjustments) and provisions intended to harmonise and replace the risk retention and due diligence requirements (including the corresponding guidance provided through technical standards) applicable to certain EU regulated investors. There are material differences between the coming new requirements and the current requirements, including with respect to the certain matters to be verified under the due diligence requirements, as well as with respect to the application approach under the retention requirements and the originator entities eligible to retain the required interest. Further differences may arise under the corresponding guidance which will apply under the new risk retention requirements, which guidance is to be made through new technical standards. However, securitisations established prior to the application date of 1 January 2019 that do not involve the issuance of securities (or otherwise involve the creation of a new securitisation position) from that date should remain subject to the previous requirements and should not be subject to the new risk retention and due diligence requirements in general.

Securitisation Regulation

The Securitisation Regulation applies to the Notes, as does Regulation (EU) 2017/2401, which amends certain provisions of Regulation (EU) No 575/2013 as it relates to securitisation (the "**CRR Amendment Regulation**"). Among other things, the Securitisation Regulation and the CRR Amendment Regulation together include provisions intended to implement the revised securitisation framework developed by BCBS (with adjustments) and provisions intended to harmonise and replace the risk retention and transparency requirements (now imposed variously on the issuer, originator, sponsor and/or original lender of a securitisation) and due diligence requirements (including the corresponding guidance provided through technical standards) applicable to certain EU-regulated investors. It also introduced a ban on the securitisation of residential mortgage loans made after 20 March 2014 which had been 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. The Seller has represented that none of the Loans in the Portfolio are self-certified Loans. In general, the requirements imposed under the Securitisation Regulations are more onerous and have a wider scope than those imposed under the previous legislation.

In relation to due diligence requirements, the Securitisation Regulation requires that, prior to holding a securitisation position, EU institutional investors are required to verify the matters required by Article 5(1) of the Securitisation Regulation and to conduct a due diligence assessment in accordance with Article 5(3). In relation to risk retention, the Securitisation Regulation amends the manner in which the retention requirements apply by imposing a direct obligation of compliance with the risk retention requirements on EU originators, sponsors or original lenders.

However, while the Securitisation Regulation came into force on 1 January 2019, not all of the proposed technical guidance in relation to certain provisions of the Securitisation Regulation have yet been finalised. Notably, technical guidance in relation to the manner in which reporting should be carried out in relation to a securitisation is yet to be finalised. The timing for finalisation of these pieces of guidance by the relevant authorities remains unclear. As such, there is a degree of uncertainty around the manner in which compliance with certain elements of the new regulations will be achieved.

With regards to the transparency requirements set out in Article 7 of the Securitisation Regulation, the relevant regulatory and implementing technical standards, including the standardised templates to be developed by ESMA which set out the form in which the relevant reporting entity is required to comply with certain of the periodic reporting requirements (the "**ESMA Disclosure Templates**"), have not as yet been adopted. As a result, the Securitisation Regulation transitional provisions will apply. These provisions require, among other things, that any disclosure under Article 7 of the Securitisation Regulation should be made available in the form prescribed under the regulatory technical standard published pursuant to Article 8b of the CRA Regulation (the "**CRA3 Templates**") until the regulatory and implementing technical standards under the Securitisation Regulations have come into operation and the ESMA Disclosure Templates begin to apply.

Furthermore, in a statement issued on 30 November 2018, the Joint Committee of the European Supervisory Authorities notes the operational difficulties of compliance with the Securitisation Regulation disclosure obligation during the transitional period under the CRA3 for some entities and indicated that national competent authorities should generally apply their supervisory powers in their day-to-day supervision and enforcement of applicable legislation on a proportionate and risk-based manner.

In relation to the due diligence requirements for institutional investors that are set out in Article 5 of the Securitisation Regulation, any prospective investor to which these requirements apply should make themselves aware of such requirements and should ensure that the requirements which need to be satisfied prior to holding a securitisation position have been complied with prior to an investment in the Notes by such investor. In addition, any such investor should ensure that it will be able to comply with the ongoing requirements of Article 5 in relation to an investment in the Notes. None of the Issuer, the Seller or the Arranger provides any assurance that the information provided in this Prospectus, or any other information that will be provided to investors in relation to the Notes (including without limitation any investor report or loan level data that is published in relation to the Notes) is sufficient for the satisfaction by any investor of the requirements in Article 5 of the Securitisation Regulation as they apply to that investor. Investors should note that the requirements of Article 5 apply in addition to any other applicable regulatory requirements applying to such investor in relation to an investment in the Notes.

Until the regulatory technical standard to be adopted by the European Commission pursuant to Article 7(3) of the Securitisation Regulation (the "**Disclosure RTS**") applies, for the purposes of its obligations set out in points (a) and (e) of the first subparagraph of Article 7(1) of the Securitisation Regulation, the Originator (as designated entity) will be required to make the information referred to in Annexes I to VIII of Delegated Regulation (EU) 2015/3 available in accordance with Article 7(2) of the Securitisation Regulations. There can be no assurance that the information to be provided by the Seller (as Originator) will be adequate for any potential investors to comply with their obligations pursuant to Article 5 of the Securitisation Regulation. As at the date of this Prospectus, the Disclosure RTS are in draft form and there can be no certainty as to the final Disclosure RTS to be adopted by the European Commission. Prospective investors should consult their own advisers as to the regulatory obligations imposed on them pursuant to the Securitisation Regulation in respect of the Notes and/or Certificates and as the consequences for and effect on them of and changes to the relevant implementing measures. No predictions can be made as to the precise effects of such matters on any prospective investor or otherwise.

In addition, in the event that the Seller fails to comply with its obligations under Article 6 of the Securitisation Regulation, the Seller may be subject to regulatory action by the relevant competent authorities. Any such action could include fines levied on the Seller. In the event that the Seller is subject to any regulatory fines as a result of its failure to comply with the Article 7 requirements, the Seller may not be able to recover from the Cash Manager at all or in such amount as would fully compensate the Issuer for any such regulatory fines. Any fines imposed on the Seller will rank ahead

of amounts payable to Noteholders and may therefore adversely affect the ability of the Issuer to make payments under the Notes.

Simple, transparent and standardised securitisations

The Securitisation Regulation makes provision for a securitisation transaction to be designated a simple, transparent and standardised transaction (an "**STS Securitisation**") and provides that such securitisations should be subject to more favourable regulatory treatment, including reduced risk weightings for credit institution and investment firm investors, and separately, that certain aspects of previous legislation have been repealed and replaced with a single EU-wide securitisation regulation. Notably, the risk weights attached to securitisation exposures for credit institutions and investment firms will in general increase substantially under the new securitisation framework implemented under the Securitisation Regulations and these new risk weights will apply from 1 January 2019 or 1 January 2020 depending on the features of the particular securitisation exposure. In order to obtain this designation, a transaction is required to comply with the requirements set out in Articles 20, 21 and 22 of the Securitisation Regulation (the "**STS Criteria**") and one of the originator or sponsor in relation to such transaction is required to file an STS Notification to ESMA confirming the compliance of the relevant transaction with the STS Criteria.

The Notes are intended to be designated as an STS Securitisation, but there is no certainty that such designation will be achieved.

Prospective investors are themselves responsible for monitoring and assessing changes to the EU risk retention rules and their regulatory capital requirements.

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

Investors should note that a draft STS Notification will be made available to investors before pricing.

TRANSACTION OVERVIEW – PORTFOLIO AND SERVICING

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

Sale of Portfolio:

The Portfolio (as defined below) will consist of the Loans and the Related Security comprised in the Closing Date Portfolio and all monies derived therefrom from time to time which will be sold by the Seller to the Issuer on the Closing Date and any Additional Loans sold by the Seller to the Issuer during the Further Sale Period pursuant to the Mortgage Sale Agreement.

Under the Mortgage Sale Agreement, on the Closing Date, the Issuer will pay the applicable Initial Consideration to the Seller and the Closing Date Portfolio of English and Welsh residential mortgage loans (the "**Loans**", such term to include any Additional Loans and their Related Security sold on any subsequent Further Sale Date in accordance with the Mortgage Sale Agreement) and their associated mortgages (the "**Mortgages**") and other Related Security will be assigned to the Issuer. "**Portfolio**" means the Closing Date Portfolio and any Additional Loans and their Related Security and all monies derived therefrom sold by the Seller to the Issuer under the Mortgage Sale Agreement from time to time.

On the first Business Day (or any other Business Day as may be agreed between the Issuer, Seller and Servicer) of a calendar month during the Further Sale Period, the Seller may offer to sell further Loans (the "**Additional Loans**") and their Related Security to the Issuer. The Issuer may 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 Issuer (or the Cash Manager on its behalf) will pay the consideration from Available Principal Receipts standing to the credit of the Retained Principal Ledger for such Additional Loans and their Related Security on the Further Sale Date, provided that the Further Sale Date Condition will be met immediately following such sale on the relevant Further Sale Date.

On any Further Sale Date, the Issuer (or the Cash Manager on its behalf) is permitted to apply Excess Principal Amounts towards the purchase price of the relevant Additional Loans and their Related Security. The Cash Manager will calculate the Excess Principal Amounts

available on any Further Sale Date by reference to Principal Receipts received as at the last Business Day of the immediately preceding Monthly Period, and by reference to the immediately following Interest Payment Date.

"**Excess Principal Amounts**" means the amount (if any) by which Principal Receipts credited to the Retained Principal Ledger as at the last Business Day of the previous Monthly Period exceeds the relevant Required Retained Amount.

The relevant "**Required Retained Amount**" will be determined as follows:

(a) in respect of any Additional Loans proposed to be purchased by the Issuer from the period commencing on the Closing Date and ending on (and including) 1 December 2019:

(i) if the Further Sale Date occurs in the period from the Closing Date to (and including) 1 August 2019, an amount equal to one fifth of the Class A Target Amortisation Amount scheduled to be paid on the next Interest Payment Date in accordance with Condition 7.2 (*Mandatory Redemption*);

(ii) if the Further Sale Date occurs in the period commencing on 2 August 2019 to (and including) 1 September 2019, an amount equal to two fifths of the Class A Target Amortisation Amount scheduled to be paid on the next Interest Payment Date in accordance with Condition 7.2 (*Mandatory Redemption*);

(iii) if the Further Sale Date occurs in the period commencing on 2 September 2019 to (and including) 1 October 2019, an amount equal to three fifths of the Class A Target Amortisation Amount scheduled to be paid on the next Interest Payment Date in accordance with Condition 7.2 *(Mandatory Redemption)*;

(iv) if the Further Sale Date occurs in the period commencing on 2 October 2019 to (and including) 1 November 2019, an amount equal to four fifths of the Class A Target Amortisation Amount scheduled to be paid on the next Interest Payment Date in accordance with Condition 7.2 (*Mandatory Redemption*); and

(v) if the Further Sale Date occurs in the period

commencing on 2 November 2019 to (and including) 1 December 2019, an amount equal to the Class A Target Amortisation Amount scheduled to be paid on the next Interest Payment Date in accordance with Condition 7.2 (*Mandatory Redemption*);

and

(b) in respect of any Additional Loans proposed to be purchased by the Issuer on and from 2 December 2019:

(i) if the Further Sale Date falls in the first calendar month of a Collection Period, an amount equal to one third of the Class A Target Amortisation Amount scheduled to be paid on the next Interest Payment Date in accordance with Condition 7.2 (*Mandatory Redemption*);

(ii) if the Further Sale Date falls in the second calendar month of a Collection Period, an amount equal to two thirds of the Class A Target Amortisation Amount scheduled to be paid on the next Interest Payment Date in accordance with Condition 7.2 (*Mandatory Redemption*); and

(iii) if the Further Sale Date falls in the third calendar month of a Collection Period, an amount equal to the Class A Target Amortisation Amount scheduled to be paid on the next Interest Payment Date in accordance with Condition 7.2 (*Mandatory Redemption*).

Prior to the occurrence of a Perfection Event as set out below, notice of the sale of the Loans and their Related Security comprising the Portfolio will not be given to the Borrowers and the Issuer will not apply to the Land Registry to register or record its equitable or beneficial interest in the Mortgages. Prior to the occurrence of a Perfection Event, the legal title to each Loan and its Related Security in the Portfolio will be held by the Seller on bare trust for the Issuer. Following a Perfection Event and notice of the transfer of the Loans and their Related Security to the Issuer being sent to the relevant Borrowers, legal title to the Loans and their Related Security will pass to the Issuer.

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.

"**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) the occurrence of a Perfection Event (after the passing of any applicable grace period);

(c) the Fixed Rate Swap Agreement has been terminated and no replacement Fixed Rate Swap Agreement has been entered into;

(d) following the application of the Pre-Acceleration Revenue Priority of Payments on an Interest Payment Date, the debit balance recorded to the Class B Principal Deficiency Sub-Ledger is in excess of 1 per cent. of the aggregate Principal Amount Outstanding of all Notes as at that Interest Payment Date;

(e) redemption in full of the Class A Notes;

(f) the amount standing to the credit of the Retained Principal Ledger is greater than 5 per cent. of the aggregate Current Balance of the Loans in the Portfolio as at the Closing Date, calculated by reference to the amounts standing to the credit of the Retained Principal Ledger as at the last calendar day of the Monthly Period falling immediately before the relevant Monthly Test Date less the Further Advance Purchase Price applied on the Further Sale Date falling immediately before the relevant Monthly Test Date;

(g) 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 per cent. 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;

(h) the occurrence of an Insolvency Event in respect of the Servicer; or

(i) the aggregate Current Balance of the Loans in the Portfolio on any date is lower than the Principal Amount Outstanding of the Notes on such date.

Features of the Loans: The following is a summary of certain features of the Loans

comprising the portfolio as at the Portfolio Reference Date (the "**Provisional Portfolio**") and investors should refer to, and carefully consider, further details in respect of the Loans set out in "*The Loans*" and "*Characteristics of the Portfolio*".

The Loans include repayment and interest only loans to prime Borrowers only and are secured by first priority charges over owner-occupied freehold and leasehold properties in England and Wales. The portfolio that will be sold to the Issuer on the Closing Date will be randomly selected from the Provisional Portfolio as at the Portfolio Reference Date (the "**Closing Date Portfolio**").

The characteristics of the Closing Date Portfolio will differ from those set out in this Prospectus as a result of, *inter alia*, the random selection of the Closing Date Portfolio, repayments and redemptions of the Loans from the Portfolio Reference Date to the Closing Date Portfolio Selection Date and removal of any Loans which do not comply with the Loan Warranties as at the Closing Date Portfolio Selection Date, and the purchase by the Issuer of Additional Loans during the Further Sale Period.

"**Closing Date Portfolio Selection Date**" means 30 June 2019.

Consideration: The total consideration from the Issuer to the Seller in respect of the sale of the Closing Date Portfolio together with its Related Security shall be: (a) £582,783,252.75 being an amount equal to the Current Balance of the Loans in the Closing Date Portfolio as at the Closing Date Portfolio Selection Date; and (b) Deferred Consideration.

During the Further Sale Period, the Issuer may on any Further Sale Date, purchase Additional Loans and their Related Security from the Seller but it is not obliged to make any such purchase. The consideration for the Additional Loans will be paid by the Issuer using Available Principal Receipts standing to the credit of the Retained Principal Ledger, provided that the Further Sale Date Condition will be met immediately following such sale on 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.

Any Deferred Consideration will be paid to the Seller in accordance with the relevant Priority of Payments.

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 principal 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; and

(b) any interest, disbursement, legal expense, fee, charge, rent, service charge, premium or payment (including, for the avoidance of doubt, any costs or fees incurred in connection with the recovery of that Loan) 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, Arrears of Interest and any costs or fees incurred in connection with the recovery of that Loan) 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 (but excluding any Accrued Interest),

as at the end of the Business Day immediately preceding that given date, *less* any repayment or payment of any of the foregoing made on or before the end of the Business Day immediately preceding that given date and excluding any retentions made but not released.

"**Borrower**" means, in relation to a Loan, the individual or individuals specified as such in the relevant Mortgage Conditions, together with the individual or individuals (if any) from time to time assuming an obligation to repay such Loan or any part of it.

Representations and Warranties: The Seller will make certain Loan Warranties regarding the Loans and their Related Security to the Issuer on:

(a) the Closing Date in relation to the Loans in the Closing Date Portfolio;

(b) the Advance Date in relation to Loans subject to a Further Advance and their Related Security;

(c) the Switch Date in relation to Loans subject to a Product Switch and their Related Security; and

(d) on the Further Sale Date in relation to the relevant Additional Loans,

in each case, including warranties in relation to compliance with the Lending Criteria as it applied at the date of origination of the Loans.

Broadly speaking, in addition to representations and warranties in respect of the legal nature of the Loans and their Related Security, there are also asset Loan Warranties which include the following:

(i) no Loan is a Buy-to-Let Loan or a Right to Buy Loan;

(ii) all of the Borrowers are individuals;

(iii) no Loan is currently repayable in a currency other than Sterling;

(iv) with the exception of certain allowable fees being added to the aggregate balance of the Loan, the original advance being made under each Loan was £10,000 or more but less than £1,000,000.00; and

(v) all of the Properties are residential and located in England and Wales.

"**Lending Criteria**" has the meaning given in the section "*The Loans− Underwriting"*. See section "*Summary of the Key Transaction Documents – Mortgage Sale Agreement – Representations and Warranties in the Mortgage Sale Agreement*" for further details.

Additional Loan Conditions:

Certain conditions (the "**Additional Loan Conditions**") must be complied with as at the relevant Further Sale Date. 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 relevant Further Sale Date. 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 in accordance with the terms of the Mortgage Sale Agreement. See "*Repurchase of the Loans and Related Security*" below.

Repurchase of the Loans and Related Security:

The Issuer shall offer to sell and the Seller shall repurchase the relevant Loan, Further Advance or Product Switch (as applicable) and their Related Security in the following circumstances:

(a) upon a breach of Loan Warranties (which the Seller fails to remedy within the agreed grace period) where such breach has a material adverse effect on

the value of that Loan;

(b) if the Issuer is unable to fund the purchase of any Further Advance;

(c) if the Loan subject to such Product Switch and/or Further Advance is in breach or would cause a breach of the Asset Conditions for Further Advances and/or Product Switches, or if the Loan has been subject to a Product Switch that was not a Permitted Product Switch; or

(d) 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.

Consideration for repurchase: Consideration payable by the Seller in respect of the repurchase of the Loans and their Related Security shall be equal to the Current Balance of the relevant Loan *plus* any Accrued Interest on the Monthly Pool Date immediately following a determination by the Seller that such breach or breaches cannot be remedied or failure by the Seller to remedy such breach or breaches.

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

Prior to the completion of the transfer of legal title of the Loans, the Issuer will 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*" in the section entitled "*Risk Factors – The Mortgages*

Servicing of the Portfolio: The Servicer agrees to service the Loans to be sold to the Issuer and their Related Security on behalf of the Issuer. The appointment of the Servicer may be terminated by the Issuer and/or the Security Trustee (subject to the terms of the Servicing Agreement) upon the occurrence of a Servicer Termination Event (see "*Summary of the Key Transaction Documents – Servicing Agreement – Removal or Resignation of the Servicer*").

The Servicer may also resign or the Seller may terminate the Servicing Agreement without cause by giving not less than 3 months' notice to the Issuer and the Security Trustee and subject to, *inter alia*, a replacement servicer having been appointed by the Issuer and such appointment to be effective not later than the date of such termination. See "*Summary of the Key Transaction Documents – Compensation of the Servicer – Servicing Agreement*".

Delegation: The Servicing Agreement provides that the Servicer may delegate all or any of its obligations as Servicer subject to

and in accordance with the terms thereof or re-transfer to the Seller the servicing of certain Loans where the Borrower under such Loan is vulnerable or where the situation otherwise merits sensitive handling, **provided that** the Servicer remains responsible for the performance of any functions so delegated.

TRANSACTION OVERVIEW − SUMMARY 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 A Notes	**Class B VFN**	**Class Z VFN**
Principal Amount:	£500,000,000	Nominal principal amount of £150,000,000 of which £82,784,000 will be funded on the Closing Date	Nominal principal amount of £50,000,000 of which £14,669,600 will be funded on the Closing Date
Credit enhancement and liquidity support features:	Subordination of the Class B VFN, the Class Z VFN, General Reserve Fund, Excess Available Revenue Receipts 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	Subordination of the Class Z VFN, Excess Available Revenue Receipts	Excess Available Revenue Receipts
Issue Price:	100.00%	100.00%	100%
Interest Rate:	Compounded Daily SONIA + Margin	Compounded Daily SONIA	Compounded Daily SONIA
Margin prior to the Step-Up Date:	0.85%p.a.	N/A	N/A
Step-Up Margin (from and including the Step-Up Date):	1.70%p.a.	N/A	N/A
Interest Accrual Method:	Actual/365 (Fixed)	Actual/365 (Fixed)	Actual/365 (Fixed)
Interest Payment Dates:	21st day of March, June, September and December, in each year	21st day of March, June, September and December, in each year	21st day of March, June, September and December, in each year
First Interest Payment Date:	21 December 2019	21 December 2019	21 December 2019
Final Maturity Date:	21 March 2067	21 March 2067	21 March 2067
Step-Up Date:	21 June 2024	N/A	N/A
Application for Exchange Listing:	Euronext Dublin	Not listed	Not listed
ISIN:	XS2018727318	N/A	N/A
Common Code:	201872731	N/A	N/A
Ratings Moody's/Fitch:	Aaa(sf)/AAA(sf)	Not rated	Not rated
Amount retained by The Co-operative Bank	100%	100%	100%
Minimum Denomination	£100,000 and integral multiples of £1,000 in excess thereof	£100,000 and integral multiples of £1 in excess thereof	£100,000 and integral multiples of £1 in excess thereof

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

OVERVIEW OF THE CHARACTERISTICS OF THE NOTES

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 A mortgage-backed floating rate Notes due 2067 (the "**Class A Notes**") and the holders thereof, the "**Class A Noteholders**";
- Class B variable funding note due 2067 (the "**Class B VFN**") and the holder thereof, the "**Class B VFN Holder**"; and
- Class Z variable funding note due 2067 (the "**Class Z VFN**" and, together with the Class B VFN, the "**VFNs**") and the holder thereof, the "**Class Z VFN Holder**",

and, together with the Class A Notes and the VFNs, the "**Notes**", and the holders thereof, the "**Noteholders**".

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

Sequential Order:

Prior to the occurrence of a Note Acceleration Event:

- the Class A Notes will rank *pari passu* and *pro rata* among themselves;
- as to payments of interest, the Class A Notes will rank ahead of the Class B VFN and the Class Z VFN, and the Class B VFN will rank ahead of the Class Z VFN at all times; and
- as to payments of principal, the Class A Notes will rank ahead of the Class B VFN at all times.

Following the occurrence of a Note Acceleration Event:

- the Class A Notes will rank *pari passu* and *pro rata* among themselves; and
- as to payments of principal and interest, the Class A Notes rank ahead of the Class B VFN and the Class Z VFN, and the Class B VFN will rank ahead of the Class Z VFN at all times.

The Notes within each Class will rank *pro rata* and *pari passu* and rateably without any preference or priority

among themselves as to payments of principal and interest at all times.

Pursuant to a deed of charge to be entered into between, *inter alios*, the Issuer and the Security Trustee (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 all classes of the Notes.

Security: Pursuant to 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 (subject to any rights of set-off or netting provided for therein) (other than the Note Purchase Agreement, the Trust Deed 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 Loans, the 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) 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 maintained with the Account Banks and the Swap Collateral Account Bank (if any) and any sums standing to the credit thereof;

(e) a charge by way of first fixed charge (which may take effect as a floating charge) over the Issuer's interest in all Authorised Collateral Investments and Authorised Investments permitted to be made by the Issuer or the Cash Manager on its behalf; and

(f) 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.

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

Collateral: Mortgage loans that were originated by The Co-operative Bank.

Interest Provisions: Please refer to the "*Full Capital Structure of the Notes*" table above and as fully set out in Condition 5 (*Interest*).

Interest Deferral: Interest due and payable on the Class A Notes will not be deferred. Interest due and payable on the Class B VFN and Class Z VFN may be deferred in accordance with Condition 17 (*Subordination by Deferral*).

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

Redemption: The Class A Notes are subject to the following optional or mandatory redemption events:

- mandatory redemption in whole on the Final Maturity Date, as fully set out in Condition 7.1 (*Redemption at Maturity*);
- on each Interest Payment Date falling in the Further Sale Period and prior to the service of a Note Acceleration Notice, mandatory redemption in part of the Class A Notes up to the Class A Target Amortisation Amount, as fully set out in Condition 7.2 (*Mandatory Redemption*);
- on each Interest Payment Date not falling in the Further Sale Period and prior to the service of a Note Acceleration Notice, mandatory partial redemption in part on any Interest Payment Date subject to availability of Available Principal Receipts which shall be applied (a) *first*, on a *pari passu* and *pro rata* basis to repay the Class A Notes until they are repaid in full and (b) *second*, on a *pari passu* and *pro rata* basis to repay the Class B VFN until it is repaid in full (subject to the right of the Issuer to re-draw such amounts) (subject, to the right of the Issuer to re-draw such amounts), as fully set out in Condition 7.2 (*Mandatory Redemption*);

- optional redemption of the Class A Notes exercisable by the Issuer in whole on or after the Optional Redemption Date, as fully set out in Condition 7.3 (*Optional Redemption of the Class A Notes in Full*) (including (i) where the aggregate Principal Amount Outstanding of all of the Class A Notes is equal to or less than 10 per. cent. of the aggregate Principal Amount Outstanding of the Class A Notes on the Closing Date, and (ii) optional redemption on or after the Step-Up Date); and

- optional redemption exercisable by the Issuer in whole for tax or other reasons on any Interest Payment Date following the date on which there is a change in tax law or other law, as fully set out in Condition 7.4 (*Optional Redemption 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 falling in the Further Sale Period and prior to the service of a Note Acceleration Notice, the Class A Notes shall be redeemed in an amount required to reduce the Principal Amount Outstanding of the Class A Notes to the target principal balance set out alongside the relevant Interest Payment Date in the Class A principal payment schedule (the "**Class A Principal Payment Schedule**") set out in the Appendix to the Conditions (such amount, the "**Class A Target Amortisation Amount**").

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 Class A 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 (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

(*Mandatory Redemption*), which shall not constitute a default) and/or principal in respect of the Class A Notes and the default continues for a period of seven days in the case of principal or 14 days in the case of interest;

- material breach of contractual obligations by the Issuer under the Transaction Documents;
- insolvency event occurring in respect of the Issuer (as more fully described in Condition 10 (*Events Of Default*); and
- it becomes unlawful for the Issuer to perform or comply with any of its obligations under the Notes or the Trust Deed.

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.

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, Class A Noteholders holding not less than 10 per cent. of the Principal Amount Outstanding of the Class A Notes then outstanding are entitled to convene a meeting of the Class A Noteholders.

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

Following an Event of Default: Following the occurrence of an Event of Default, Noteholders may, if they hold not less than 25 per cent. of the Principal Amount Outstanding of the Class A Notes or if the Class A Noteholders pass an Extraordinary Resolution, direct the Note Trustee to 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. The Note Trustee shall not be bound to take any action or exercise any discretion unless first indemnified and/or prefunded and/or secured to its satisfaction.

Class A Noteholders' Meeting provisions and VFN Holders' instructions:		**Initial meeting**	**Adjourned meeting**
	Notice period:	Not less than 21 Clear Days or more than 42 Clear Days.	Not less than 13 Clear Days or more than 42 Clear Days.
	Location:	venue in the United Kingdom notified in notice.	venue in the United Kingdom notified in notice.
	Quorum:	One or more persons present and holding or representing in aggregate not less than 25 per cent. of the Principal Amount Outstanding of the Class A Notes then outstanding for transaction of business including	One or more persons present and holding or representing in aggregate not less than 10 per cent. of the Principal Amount Outstanding of the Class A Notes then outstanding for transaction of business including

	the passing of an ordinary resolution. The quorum for passing an Extraordinary Resolution (other than a Basic Terms Modification) shall be one or more persons present and holding or representing in the aggregate not less than 50 per cent. of the aggregate in Principal Amount Outstanding of the Class A Notes then outstanding. The quorum for passing a Basic Terms Modification shall be one or more persons present and holding or representing in the aggregate not less than 75 per cent. of the aggregate Principal Amount Outstanding of the Class A Notes then outstanding.	the passing of an ordinary resolution. The quorum for passing an Extraordinary Resolution (other than a Basic Terms Modification) shall be one or more persons present and holding or representing in the aggregate not less than 25 per cent. of the aggregate in Principal Amount Outstanding of the Class A Notes then outstanding. The quorum for passing a Basic Terms Modification shall be one or more persons present and holding or representing in the aggregate not less than 50 per cent. of the aggregate Principal Amount Outstanding of the Class A Notes then outstanding.
Required majority for Extraordinary Resolution:	Majority consisting of not less than two thirds of persons eligible to attend and vote at such meeting and voting at such meeting upon a show of hands or, if a poll is duly demanded, by a majority consisting of not less than 75 per cent. of the votes cast on such poll.	Majority consisting of not less than two thirds of persons eligible to attend and vote at such meeting and voting at such meeting upon a show of hands or, if a poll is duly demanded, by a majority consisting of an amount exceeding 75 per cent. of the votes cast on such poll.
Required majority for Ordinary Resolution:	Majority consisting of not less than two thirds of persons eligible to attend and vote at such meeting	Majority consisting of an amount exceeding 50 per cent. of persons eligible to attend and

	and voting at such meeting upon a show of hands or, if a poll is duly demanded, by a majority consisting of not less than 75 per cent. of the votes cast on such poll.	vote at such meeting and voting at such meeting upon a show of hands or, if a poll is duly demanded, by a majority consisting of an amount exceeding 50 per cent. of the votes cast on such poll.
Written Resolution:	In the case of a resolution in writing that is to have the same effect as an Extraordinary Resolution, not less than 75 per cent. in aggregate Principal Amount Outstanding of the Relevant Class of Notes. In the case of a resolution in writing that is to have the same effect as an Ordinary Resolution, an amount exceeding 50 per cent. in aggregate Principal Amount Outstanding of the Relevant Class of Notes. A resolution in writing signed by or on behalf of the Class B VFN Holder may take effect as an Ordinary Resolution of the Class B VFN Holder or (if so specified) as an Extraordinary Resolution of the Class B VFN Holder. A resolution in writing signed by or on behalf of the Class Z VFN Holder may take effect as an Ordinary Resolution of the Class Z VFN Holder or (if so specified) as an Extraordinary Resolution of the Class Z VFN Holder.	

For the purposes of calculating a period of "**Clear Days**" in relation to a meeting, no account shall be taken of the day on which notice of such meeting is given (or, in the case of an adjourned meeting, the day on which the meeting to be adjourned is held) or the day on which such meeting is held.

For the purposes of the meeting provisions described above, "**outstanding**" means:

(a) in relation to the Class A Notes, all Class A Notes issued from time to time other than:

(i) those Class A Notes which have been redeemed in full and cancelled pursuant to the Conditions;

(ii) those Class A 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 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 the Conditions) and remain available for payment of the relevant Class A Notes;

(iii) those Class A Notes which have been cancelled in accordance with Condition 7.8 (*Cancellation*) of the Class A Notes;

(iv) those Class A Notes which have become void or in respect of which claims have become prescribed, in each case under Condition 9 (*Prescription*) of the Class A Notes;

(v) those mutilated or defaced Class A Notes which have been surrendered and cancelled and in respect of which replacements have been issued pursuant to Condition 14 (*Replacement of Class A Notes*) with respect to the Class A Notes;

(vi) (for the purpose only of ascertaining the Principal Amount Outstanding of the Class A Notes outstanding and without prejudice to the status for any other purpose of the relevant Instrument) those Class A 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 Class A Notes*) with respect to the Class A Notes; and

(vii) any Global Note in respect of the Class A Notes to the extent that it shall have been exchanged for another Global Note in respect of the Class A Notes or for the Class A Notes in definitive form pursuant to its provisions; and

(b) in relation to each VFN, as at a particular day (the "**Reference Date**"), amounts in respect of which drawings have been made by the Issuer under such VFN on and since the Closing Date less the aggregate amount of all principal payments in respect of such VFN which have been made by the Issuer since the Closing Date and not later than the Reference Date,

in each case, 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 as envisaged by paragraph 1 of Schedule 3 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 Clause 10.1 and Schedule 3 to the Trust Deed, Conditions 10 (*Events Of Default*) and 11 (*Enforcement*) 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 the Note Trustee is required, expressly or impliedly, to have reference to the interests of the Noteholders or any Class or Classes thereof; and

(iv) the determination by the Security Trustee and 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 Seller, any holding company of any of the Seller or any other subsidiary of the Seller or any such holding company (the "**Relevant Person**"), in each case, as beneficial owner, shall (unless and until ceasing to be so held) be deemed not to remain outstanding, except where (i) all of the Notes of any Class are held by or on behalf of or for the benefit of one or more Relevant Persons (such Class of Notes the "**Relevant Class of Notes**") and (ii) there is no other Class of Notes ranking *pari passu* with, or junior to, the Relevant Class of Notes where one or more Relevant Persons are not the beneficial owners of all the Notes of such Class (as the case may be), then the Relevant Class of Notes shall be deemed to remain outstanding.

Matters requiring Extraordinary Resolution:

The following matters require an Extraordinary Resolution:

- to approve any Basic Terms Modification;
- to give a Note Acceleration Notice to the Issuer upon the occurrence of an Event of Default;
- to sanction any compromise or arrangement proposed to be made between the Issuer, any other party to any Transaction Document, the Note Trustee, the Security Trustee, any Appointee and the Noteholders or any of them;
- to approve the substitution of any person for the Issuer as principal obligor under the Notes;
- to give any authority or sanction which is required to be given by Extraordinary Resolution under the Transaction Documents;
- to approve or assent to any modification of the provisions

contained in the Notes, the Conditions or the Trust Deed other than those modifications which are sanctioned by the Note Trustee without the consent or sanction of the Noteholders in accordance with the terms of the Trust Deed;

- to remove the Note Trustee and/or the Security Trustee;
- to approve the appointment of a new Note Trustee and/or Security Trustee;
- 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;
- to sanction any scheme or proposal for the sale or exchange of the Notes for, or the conversion of the Notes into, *inter alia*, other obligations or securities of the Issuer or any other company;
- 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;
- to give any other authorisation or approval which under the Trust Deed or the Notes is required to be given by Extraordinary Resolution; and
- 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.

Matters that do not require an Extraordinary Resolution will be determined on the basis of an Ordinary Resolution.

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 B VFN Holder and the Class Z VFN Holder, irrespective of the effect upon them, except that an Extraordinary Resolution in relation to certain matters more specifically described in the Trust Deed will not take effect unless: (a) either the Note Trustee is of the opinion that it would not be materially prejudicial to the interests of the Class B VFN Holder or it shall have been sanctioned by a direction or Extraordinary Resolution of the Class B VFN Holder; and (b) either the Note Trustee is of the opinion that it would not be materially prejudicial to the interests of the Class Z VFN Holder or it shall have been sanctioned by a direction or Extraordinary Resolution of the Class Z VFN Holder, and such Extraordinary Resolution and/or direction would override any resolutions to the contrary by them. An Extraordinary Resolution of

the Class B VFN Holder or the Class Z VFN Holder shall not be binding on the Class A Noteholders unless sanctioned by an Extraordinary Resolution of such Class A Noteholders.

A Basic Terms Modification requires an Extraordinary Resolution of the relevant affected Classes of Notes.

Relationship between Noteholders and other Secured Creditors:

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

So long as the Notes are outstanding, the Note Trustee and the Security Trustee (acting on the instruction of the Note Trustee) will have regard to the interests of each class of the Noteholders equally, but if in the Note Trustee's sole opinion there is a conflict between the interests of any Classes of Notes, it will have regard solely to the interests of:

(a) so long as there are any Class A Notes outstanding, the Class A Noteholders only if, in the Note Trustee's opinion, there is a conflict between the interests of:

(i) the Class A Noteholders; and

(ii) the Class B VFN Holder and/or the Class Z VFN Holder; or

(b) subject to paragraph (a) above, if there are no Class A Notes outstanding, the Class B VFN Holder only if, in the Note Trustee's opinion, there is a conflict between the interests of:

(i) the Class B VFN Holder; and

(ii) the Class Z VFN Holder,

and the Class B VFN Holder and the Class Z VFN Holder shall have no claim against the Note Trustee or Security Trustee for doing so.

Other than in respect of an Extraordinary Resolution directing the Note Trustee to give a Note Acceleration Notice, a resolution which, in the opinion of the Note Trustee, affects the interests of the holders of only one Class of Notes shall be deemed to have been duly passed if passed at a separate meeting of the holders of that Class of Notes of that class; a resolution which, in the opinion of the Note Trustee, affects the interests of the holders of any Class of Notes of more than one class but does not give rise to a conflict of interest between the holders of such Class of Notes of any of the classes so affected shall be deemed to have been duly passed if passed at a single meeting of the holders of that Class of Notes of all the classes so affected; a resolution which, in the opinion of the Note Trustee, affects the interests of the holders of any Class of Notes of more than one class and gives or may give rise to a

conflict of interest between the holders of such Class of Notes of one class or group of classes so affected and the holders of that Class of Notes of another class or group of classes so affected shall be deemed to have been duly passed only if passed at separate meetings of the holders of that Class of Notes of each class or group of classes so affected.

Relevant Person as Noteholders

For certain purposes, including the right to attend and vote at any meeting of the Noteholders of any Class or Classes, the right to resolve by Extraordinary Resolution in writing and certain rights to direct the Note Trustee, the relevant Notes must be "outstanding".

If any of the Notes of any Class are held by or on behalf of or for the benefit of the Seller, any holding company of the Seller or any other subsidiary of the Seller or any such holding company (the "**Relevant Persons**"), in each case as beneficial owner, those Notes of such Class will (unless and until ceasing to be so held) be deemed not to remain outstanding. However, if (a) all of the Notes of any Class are held by or on behalf of or for the benefit of one or more Relevant Persons (such Class of Notes, the "**Relevant Class of Notes**") and (b) there is no other Class of Notes ranking *pari passu* with, or junior to, the Relevant Class of Notes where one or more Relevant Persons are not the beneficial owners of all the Notes of such Class (as the case may be), the Notes held by or on behalf of or for the benefit of the Relevant Persons shall be deemed to remain outstanding.

See the definition of "outstanding" in the Conditions for circumstances where the Notes of any Class held by the Relevant Persons are deemed to be not "outstanding".

Provision of Information to the Noteholders:

The Cash Manager on behalf of the Issuer will publish the monthly investor report detailing, *inter alia*, certain aggregated loan data in relation to the Portfolio (the "**Investor Report**"). The Investor Reports (a) will be published on the website at http://www.co-operativebank.co.uk/investorrelations/debtinvestors and on Bloomberg and (b) will also be available for inspection on the National Storage Mechanism located at http://www.morningstar.co.uk/uk/NSM. The website and the contents thereof do not form part of this Prospectus.

Communication with Noteholders:

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

(a) in respect of the Class A Notes;

(i) so long as the Class A Notes are held in the Clearing Systems, by delivery to the relevant Clearing System for communication by it to Noteholders; and

(ii) so long as the Class A Notes are listed on a recognised stock exchange, by delivery in accordance with the notice requirements of that

exchange; and

(b) in respect of the Class B VFN and the Class Z VFN, notices to the Class B VFN Holder and the Class Z VFN Holder (respectively) will be sent to them by the fax number or email address notified to the Issuer from time to time in writing.

The Note Trustee shall be at liberty to sanction some other method where, in its sole opinion, the use of such other method would be reasonable having regard to market practice then prevailing and to the requirements of the stock exchanges, competent listing authorities and/or quotation systems on or by which the Class A Notes are then listed, quoted and/or traded and **provided that** notice of such other method is given to Noteholders in such manner as the Note Trustee shall require.

Note Trustee and Security Trustee Mandatory Consents relating to the appointment of Swap Collateral Account Bank or replacement of the Collection Account Bank:

Subject to the relevant provisions of the Conditions and the Trust Deed, the Issuer, the Cash Manager and/or the Fixed Rate Swap Counterparty may, at any time during the term of the Trust Deed, request that the Note Trustee agree and/or (for so long as there are any Notes outstanding) direct the Security Trustee to agree to Transaction Amendments (as defined in Condition 12.15 (*Mandatory consents*)) relating to the appointment of one or more Swap Collateral Account Banks or the replacement of the Collection Account Bank, irrespective of whether such Transaction Amendments are or may be materially prejudicial to the interests of the Noteholders of any Class, any other Secured Creditor or any other parties to any Transaction Documents and irrespective of whether such Transaction Amendments constitute or may constitute a Basic Terms Modification and the Note Trustee and the Security Trustee (if directed by the Note Trustee) shall enter into, or (where the Note Trustee or, as the case may be, the Security Trustee is not a party to the relevant Transaction Document) provide their consent in respect of, such Transaction Amendments without the consent of the Noteholders or any other Secured Creditors if the following conditions are satisfied:

(a) a certificate in writing from the relevant Requesting Party (as defined in Condition 12.15 (*Mandatory consents*)) (where the Requesting Party is the Fixed Rate Swap Provider, such certificate to be countersigned by the Cash Manager for so long as The Co-operative Bank is the sole Cash Manager) to the Note Trustee and the Security Trustee (as applicable) that the Rating Agencies have been given at least 15 days' notice of such proposed Transaction Amendments and have not raised any objection thereto;

(b) a certificate in writing from the relevant Requesting Party (as defined in Condition 12.15 (*Mandatory consents*)) (where the Requesting Party is the Fixed Rate Swap Provider, such certificate to be countersigned by the Cash Manager for so long as The Co-operative Bank is the sole Cash Manager) to the Note Trustee and the Security

Trustee (as applicable) that none of the Priorities of Payments will be amended as a result of such Transaction Amendments; and

(c) the Note Trustee and the Security Trustee are satisfied that the proposed Transaction Amendments would not, in their opinion, have the effect of (i) increasing the obligations, or duties, or decreasing the protections, rights, powers, authorisations or indemnification of the Note Trustee or Security Trustee or (ii) exposing the Note Trustee or the Security Trustee to any liability in respect of which it has not been indemnified and/or secured and/or prefunded to the Note Trustee's or Security Trustee's satisfaction.

See *Condition 12* (*Meetings of Noteholders, Modification, Waiver and Substitution*)" for further details.

Additional Right of Modification:

The Conditions also provide that the Note Trustee shall be obliged, without any consent or sanction of the Noteholders, to concur with the Issuer and/or direct the Security Trustee to concur with the Issuer in making any modification (other than in respect of a Basic Terms Modification) to the Conditions or any other Transaction Document to which either the Note Trustee or Security Trustee is a party or in relation to which the Security Trustee holds security that the Issuer considers necessary (in summary):

(a) for the purpose of complying with, or implementing or reflecting, any change in the criteria of one or more of the Rating Agencies;

(b) for the purpose of complying with any changes in the requirements of (i) Article 6 of the Securitisation Regulation, or Section 15G of the Securities Exchange Act of 1934, as added by section 941 of the Dodd-Frank Wall Street Reform and Consumer Protection Act, after the Closing Date, including as a result of the adoption of Regulatory Technical Standards in relation to the Securitisation Regulation, (ii) the CRR Amendment Regulation or (iii) any other risk retention legislation or regulations or official guidance in relation thereto, provided that the Issuer (or the Cash Manager (for so long as The Co-operative Bank is the sole Cash Manager) on its behalf) provides a Modification Certificate to the Trustee certifying that such modification is required solely for such purpose and has been drafted solely to such effect;

(c) for the purpose of enabling the Notes to comply with the requirements of the Securitisation Regulation, including relating to the treatment of the Notes as a simple, transparent and standardised securitisation, and any related regulatory technical standards authorised under the Securitisation Regulation provided that the Issuer (or the Cash Manager (for so long as The Co-operative Bank is the sole Cash Manager) on its behalf) provides a Modification

Certificate to the Trustee certifying that such modification is required solely for such purpose and has been drafted solely to such effect;

(d) in order to enable the Issuer and/or the Fixed Rate Swap Provider to comply with any requirements which apply to them in relation to any Swap Agreement (including any further hedging under any Swap Agreement) under EMIR;

(e) for the purpose of enabling the Class A Notes to be (or to remain) listed on Euronext Dublin;

(f) for the purposes of enabling the Issuer or a Transaction Party to comply with certain sections of the U.S. Internal Revenue Code of 1986, agreements relating thereto, FATCA, and similar tax laws;

(g) for the purpose of complying with any changes in the requirements of the CRA Regulation after the Closing Date, including as a result of the adoption of regulatory technical standards relating thereto; or

(h) for the purpose of changing the reference rate or the base rate that then applies in respect of the Notes to an alternative base rate (including an Alternative Base Rate where such base rate may remain linked to SONIA but may be calculated in a different manner) and making such other amendments as are necessary or advisable in the commercially reasonable judgment of the Issuer (or the Servicer on its behalf) to facilitate a Base Rate Modification, **provided that** the Issuer (or the Servicer on its behalf) provides a Modification Certificate to the Note Trustee and the Security Trustee certifying under a Base Rate Modification Certificate that:

1.

(i) such Base Rate Modification is being undertaken due to:

(A) an alternative manner of calculating a SONIA-based rate being introduced and becoming a standard means of calculating interest for similar transactions;

(B) a material disruption to SONIA, an adverse change in the methodology of calculating SONIA or SONIA ceasing to exist or be published;

(C) the insolvency or cessation of business of the SONIA administrator (in circumstances where no successor SONIA administrator has been appointed);

(D) a public statement by the SONIA administrator that it will cease publishing SONIA permanently or indefinitely (in circumstances where no successor SONIA administrator has been appointed that will continue publication of SONIA);

(E) a public statement by the supervisor of the SONIA administrator that SONIA has been or will be permanently or indefinitely discontinued or will be changed in an adverse manner;

(F) a public statement by the supervisor of the SONIA administrator that means SONIA may no longer be used or that its use is subject to restrictions or adverse consequences; or

(G) the reasonable expectation of the Issuer (or the Servicer on its behalf) that any of the events specified in paragraphs (A) to (F) above will occur or exist within six months of the proposed effective date of such Base Rate Modification; and

(ii) such Alternative Base Rate is:

(A) a base rate published, endorsed, approved or recognised by the Federal Reserve or the Bank of England, any regulator in the United States, the United Kingdom or the European Union or any stock exchange on which the Notes are listed (or any relevant committee or other body established, sponsored or approved by any of the foregoing);

(B) a base rate utilised in a material number of publicly listed new issues of Sterling-denominated asset-backed floating rate notes prior to the effective date of such Base Rate Modification;

(C) 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 CML or an affiliate thereof; or

(D) such other base rate as the Servicer (on behalf of the Issuer) reasonably determines,

and, in each case, the change to the Alternative Base Rate will not, in its opinion, be materially prejudicial to the interest of the Noteholders.

For the avoidance of doubt, the Issuer (or the Servicer on its behalf) may propose an Alternative Base Rate on more than one occasion, provided that the conditions set out in this paragraph 12.16((h)) are satisfied,

(and a certificate that such modification is required solely for such purpose and has been drafted solely to such effect to be provided by the Issuer (or the Cash Manager (for so long as The Co-operative Bank is the sole Cash Manager) on its behalf) or the relevant Transaction Party, as the case may be, pursuant to paragraphs (a) to (f) above being a "**Modification Certificate**"), in each case, provided that:

(a) at least 30 calendar days' prior written notice of any such proposed modification has been given to the Note Trustee and the Security Trustee (as applicable);

(b) the Modification Certificate in relation to such modification shall be provided to the Note Trustee and the Security Trustee (as applicable) both at the time the Note Trustee and the Security Trustee (as applicable) are notified of the proposed modification and on the date that such modification takes effect;

(c) the prior written consent of each Secured Creditor (other than any Noteholder) which is party to the Relevant Document has been obtained by the Issuer;

(d) either:

(i) the Issuer (or the Cash Manager (for so long as The Co-operative Bank is the sole Cash Manager) on its behalf) obtains from each of the Rating Agencies written confirmation (or certifies in the Modification Certificate that it has been unable to obtain written confirmation, but has received oral confirmation from an appropriately authorised person at each of the Rating Agencies) that such modification would not result in (x) a downgrade, withdrawal or suspension of the then current ratings assigned to the Class A Notes by such Rating Agency or (y) such Rating Agency placing the Class A Notes on rating watch negative (or equivalent); or

(ii) the Issuer (or the Cash Manager (for so long as The Co-operative Bank is the sole Cash

Manager) on its behalf) certifies in the Modification Certificate that it has informed the Rating Agencies of the proposed modification and none of the Rating Agencies has indicated that such modification would result in (x) a downgrade, withdrawal or suspension of the then current ratings assigned to the Class A Notes by such Rating Agency or (y) such Rating Agency placing the Class A Notes on rating watch negative (or equivalent);

(e) the Issuer has provided 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 Class A Notes;

(f) Noteholders representing at least 10 per cent. of the aggregate Principal Amount Outstanding of the Class A Notes then outstanding (or if no Class A Notes are outstanding, the Class B VFN Holder or, if neither Class A Notes nor the Class B VFN is outstanding, the Class Z VFN Holder) have not contacted the Principal Paying Agent or the Issuer in writing (or, in respect of the Class A Notes, otherwise in accordance with the then current practice of any applicable clearing system through which such Class A Notes may be held) within such notification period notifying the Principal Paying Agent or the Issuer that such Noteholders do not consent to the modification; and

(g) the Note Trustee and the Security Trustee (as applicable) have confirmed with the Principal Paying Agent and the Issuer in writing that the Principal Paying Agent has not received objections from Noteholders representing at least 10 per cent. of the aggregate Principal Amount Outstanding of the relevant Class of Notes set out in paragraph (f) above.

If Noteholders representing at least 10 per cent. of the aggregate Principal Amount Outstanding of the Class A Notes then outstanding (or if no Class A Notes are outstanding, the Class B VFN Holder or, if neither Class A Notes nor the Class B VFN is outstanding, the Class Z VFN Holder) have notified the Principal Paying Agent or 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 object to the modification, then such modification will not be made unless an Extraordinary Resolution of the Class A Noteholders then outstanding is passed in favour of such modification in accordance with Condition 12 (*Meetings of Noteholders, Modification, Waiver and Substitution*)

or (if there are no Class A Notes outstanding) it shall have been directed in writing by the Class B VFN Holder, or (if there are no Class A Notes or Class B VFN outstanding) it shall have been directed in writing by the Class Z VFN Holder.

Objections made in writing other than through the applicable clearing system must be accompanied by evidence to the Note Trustee's satisfaction (having regard to prevailing market practices) of the relevant Noteholder's holding of the Notes.

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 cash flow of the transaction.

Available Funds of the Issuer

The Cash Manager on behalf of the Issuer will apply Available Revenue Receipts and Available Principal Receipts on each Interest Payment Date in accordance with the applicable Priority of Payments, as set out below.

"**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 Deposit Accounts and income from any Authorised Investments, in each case, to be received on the last day of the immediately preceding Collection Period;

(c) the amounts standing to the credit of the General Reserve Ledger as at the immediately preceding Calculation Date (to meet any shortfall in Available Revenue Receipts to meet items (a) to (g) (inclusive) of the Pre-Acceleration Revenue Priority of Payments on each Interest Payment Date);

(d) other net income of the Issuer received during the immediately preceding Collection Period, excluding any Principal Receipts (except for amounts deemed to be Available Revenue Receipts in accordance with the Pre-Acceleration Principal Priority of Payments);

(e) amounts deemed to be Available Revenue Receipts in accordance with item (c) of the Pre-Acceleration Principal Priority of Payments;

(f) if in a Determination Period, any Reconciliation Amounts deemed to be Available Revenue Receipts in accordance with Condition 5.8(c) (*Determinations and Reconciliation*);

(g) if the Class Z VFN is redeemed in full, any amounts standing to the credit of the Swap Provider Fee Amount Ledger;

(h) Accrued Interest received from the Seller in relation to repurchases;

(i) any Account Bank Defaulted Amounts received by the Issuer in replacement of those Available Revenue Receipts that have not been paid by The Co-operative Bank in its capacity as Co-op Account Bank as a result of an Account Bank Non-Payment

Event;

(j) any insurance proceeds received beneficially; and

(k) amounts received or to be received by the Issuer under the Fixed Rate Swap Agreement on such Interest Payment Date, *other than*:

(i) any early termination amount received by the Issuer under the Fixed Rate Swap Agreement on the applicable Interest Payment Date which is to be applied in acquiring a replacement swap;

(ii) Excess Swap Collateral or Swap Collateral, except to the extent that the value of such Swap Collateral has been applied, pursuant to the provisions of the Fixed Rate Swap Agreement, to reduce the amount that would otherwise be payable by the Fixed Rate Swap Provider to the Issuer on early termination of a Fixed Rate Swap Transaction under the Fixed Rate Swap Agreement and, to the extent so applied in reduction of the amount otherwise payable by the Fixed Rate Swap Provider, such Swap Collateral is not to be applied in acquiring a replacement swap;

(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 Fixed Rate Swap Provider;

(iv) amounts in respect of Swap Tax Credits; and

(v) Swap Provider Fee Amount,

Less:

A. 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):

- payments of certain insurance premiums **provided that** such cash amounts have been paid by the relevant Borrower and form part of Revenue Receipts;
- 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;
- fees charged by the providers of the Collection Account or any costs incurred by the Seller in relation to the Collection Account;
- 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; and

- amounts due to the Account Banks or Swap Collateral Account Bank (if any) towards payment of interest,

(items within (A) above 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 Relevant Deposit Accounts to make payment to the persons entitled thereto except where such payments have already been provided for elsewhere;

plus:

I. if a Revenue Deficiency occurs such that the aggregate of items (a) to (k) less (A) above is insufficient to pay or provide for items (a) to (g) of the Pre-Acceleration Revenue Priority of Payments, Available Principal Receipts in an aggregate amount sufficient to cover such Revenue Deficiency;

II. if a Revenue Deficiency occurs such that the aggregate of items (a) to (k) less (A) plus (I) above is insufficient to pay or provide for items (a) to (g) of the Pre-Acceleration Revenue Priority of Payments and the Fixed Rate Swap Provider has failed to make a payment under the Fixed Rate Swap Agreement and such default is continuing, the Swap Collateral contributed by the Fixed Rate Swap Provider in an aggregate amount equal to the lesser of (i) such Revenue Deficiency and (ii) the Fixed Rate Defaulted Swap Amount.

"**Fixed Rate Defaulted Swap Amount**" means, in relation to the Fixed Rate Swap Transaction under the Fixed Rate Swap Agreement: (a) prior to the designation of an early termination date in respect of the Fixed Rate Swap Transaction (an "**Early Termination Date**"), an amount equal to the amount that was due (after the application of netting) but unpaid by the Fixed Rate Swap Provider in accordance with the terms of the Fixed Rate Swap Agreement or (b) following the designation of an Early Termination Date in respect of the Fixed Rate Swap Transaction, any amounts available to be withdrawn at item (e) of the Swap Collateral Account Priority of Payments.

"**Reconciliation Amount**" means, in respect of any Collection Period, (a) the actual Principal Receipts as determined in accordance with the Servicer Reports available for each of the three months in such Collection Period, less (b) the Calculated Principal Receipts in respect of such Collection Period, plus (c) any Reconciliation Amount not applied in previous Collection Periods.

"**Principal Receipts**" means (a) principal repayments under the Loans (including any overpayments, payments of arrears of principal, Capitalised Interest and Capitalised Expenses and Capitalised Arrears), (b) recoveries of principal from defaulting the Borrowers under Loans being enforced (including the proceeds of sale of the relevant Property), (c) any payment

pursuant to any insurance policy in respect of a Property in connection with a Loan in the Portfolio or (d) the proceeds of the repurchase of any Loan by the Seller from the Issuer pursuant to the Mortgage Sale Agreement (for the avoidance of doubt excluding (i) any Accrued Interest thereon as at the relevant repurchase date, and (ii) amounts attributable to Arrears of Interest thereon as at the relevant repurchase date).

"**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 (less an amount equal to the aggregate of all Further Advance Purchase Prices during the immediately preceding Collection Period funded from amounts standing to the credit of the Principal Receipts Ledger, as adjusted to take account of the purchase price paid by the Issuer for any Further Advances on the Monthly Pool Date immediately following the Collection Period End Date) and (ii) received by the Issuer from the Seller during the immediately preceding Collection Period and on the Monthly Pool Date immediately following the Collection Period End Date in respect of any repurchases of Loans and their Related Security that were repurchased by the Seller pursuant to the Mortgage Sale Agreement;

(b) the amount (if any) calculated on that Interest Payment Date pursuant to the applicable Pre-Acceleration Priority of Payments to be the amount by which the debit balance of each of the Class A Principal Deficiency Sub-Ledger is reduced and/or the Class B Principal Deficiency Sub-Ledger is reduced;

(c) if in a Determination Period, any Reconciliation Amounts deemed to be Available Principal Receipts in accordance with Condition 5.8(c) (*Determinations and Reconciliation*);

(d) any amount standing to the credit of the Retained Principal Ledger; and

(e) amounts debited from the Make-Whole Ledger equal to the lesser of the Make-Whole Amounts for the preceding Collection Period and the balance standing to the credit of the Make-Whole Ledger,

less:

(i) any amounts utilised to pay a Revenue Deficiency pursuant to paragraph (I) of the definition of Available Revenue Receipts; and

(ii) any amount applied towards the purchase of Additional Loans on a Further Sale Date.

Summary of Priorities of Payments

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

Pre-Acceleration Revenue Priority of Payments:	Pre-Acceleration Principal Priority of Payments:	Post-Acceleration Priority of Payments:
(a) *Pro rata* and *pari passu* amounts due to the Note Trustee and the Security Trustee including charges, liabilities, fees, costs, indemnity payments and expenses	(a) If such Interest Payment Date falls in the Further Sale Period, to the principal amounts due on the Class A Notes up to the Class A Target Amortisation Amount for such Interest Payment Date (including any amounts not paid on a previous Interest Payment Date), and any remaining amount to be credited to the Retained Principal Ledger	(a) *Pro rata* and *pari passu* amounts due in respect of the Receiver, the Note Trustee, the Security Trustee and any Appointee including charges, liabilities, fees, costs, indemnity payments and expenses
(b) *Pro rata* and *pari passu* amounts due to the Agent Bank, Registrar, VFN Registrar, Principal Paying Agent, Corporate	(b) If such Interest Payment Date falls outside the Further Sale Period, *pro* rata and *pari passu* of principal amounts due	(b) *Pro rata* and *pari passu* amounts due to the Agent Bank, Registrar, VFN Registrar, Paying Agents, Corporate Services Provider, BNYM

	Services Provider, BNYM Account Bank and the Swap Collateral Account Bank (if any) including the fees and costs		on the Class A Notes		Account Bank and the Swap Collateral Account Bank (if any) including the fees and costs
(c)	Third party expenses and any Transfer Costs	(c)	Subject to Condition 7. 2(b) (*Mandatory Redemption*), *pro rata* and *pari passu* of principal amounts outstanding on the Class B VFN	(c)	Amounts due in respect of the fees and costs of the Servicer, Back-Up Servicer (if any), Cash Manager, Back-Up Cash Manager, Back-Up Servicer Facilitator, Back-Up Cash Manager Facilitator (if any) and Co-op Account Bank
(d)	Amounts due in respect of the fees and costs of the Servicer, Back-Up Servicer (if any), Cash Manager, Back-Up Cash Manager, Back-Up Servicer Facilitator, Back-Up Cash Manager Facilitator (if any) and Co-op Account Bank	(d)	Any excess amounts to be applied as Available Revenue Receipts	(d)	Amounts due to the Fixed Rate Swap Provider (including any termination payments to the extent not satisfied by any applicable Replacement Swap Premium and/or any amounts available to be applied in accordance with the Swap Collateral Account Priority of Payments but excluding any Fixed Rate Swap Excluded

		Termination Amount)
(e) Amounts due to the Fixed Rate Swap Provider (including any termination payments to the extent not satisfied by any applicable Replacement Swap Premium and/or any amounts available to be applied in accordance with the Swap Collateral Account Priority of Payments but excluding any Fixed Rate Swap Excluded Termination Amount)		(e) *Pro rata and pari passu* to the amounts of interest due on the Class A Notes
(f) Issuer Profit Amount		(f) *Pro rata and pari passu* to the amounts of principal due on the Class A Notes
(g) *Pro rata and pari passu* to the interest due on the Class A Notes		(g) Interest due on the Class B VFN
(h) Amounts to be credited to the Class A Principal Deficiency Sub-Ledger		(h) Principal due on the Class B VFN

(i) Amounts to be credited to the General Reserve Ledger up to the General Reserve Required Amount		(i) Any Fixed Rate Swap Excluded Termination Amount (to the extent not satisfied by any amounts available to be applied in accordance with the Swap Collateral Account Priority of Payments) due to the Fixed Rate Swap Provider
(j) Amounts to be credited to the Class B Principal Deficiency Sub-Ledger		(j) Interest due on the Class Z VFN
(k) *Pro rata and pari passu* to the interest due on the Class B VFN		(k) Principal due on the Class Z VFN
(l) Any Fixed Rate Swap Excluded Termination Amount (to the extent not satisfied by any amounts available to be applied in accordance with the Swap Collateral Account Priority of Payments) due to the Fixed Rate Swap Provider		(l) Issuer Profit Amount

(m)	*Pro rata and pari passu* to the interest due on the Class Z VFN		(m) Deferred Consideration
(n)	Subject to Condition 7.2(b) (*Mandatory Redemption*),*pro rata and pari passu* to the principal due on the Class Z VFN		
(o)	for so long as the Class A Notes are outstanding, if such Interest Payment Date falls immediately after a Determination Period, then the excess (if any) to the Relevant Deposit Account as Available Revenue Receipts		
(p)	Deferred Consideration		

General Credit Structure

The credit structure of the transaction includes (broadly speaking) the following elements:

- the availability of the General Reserve Fund funded on the Closing Date from the proceeds of the Class Z VFN. Monies standing to the credit of the General Reserve Fund will be applied 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*";

- a Principal Deficiency Ledger will be established to record any (i) Losses on the Portfolio as allocated against each of the Classes of Notes and/or (ii) the use of Available Principal Receipts on an Interest Payment Date to fund a Revenue Deficiency. The Principal Deficiency Ledger will comprise the following sub-ledgers: the Class A Principal Deficiency Sub-Ledger (relating to the Class A Notes) and the Class B Principal Deficiency Sub-Ledger (relating to Class B VFN). The application of any Losses on the Portfolio and/or the application of any Principal Receipts to meet a Revenue Deficiency will be recorded as a debit:

  (a) first, to the Class B Principal Deficiency Sub-Ledger up to an amount equal to the Class B Principal Deficiency Limit; and

  (b) second, to the Class A Principal Deficiency Sub-Ledger up to an amount equal to the Principal Amount Outstanding of the Class A Notes.

  Investors should note that realised Losses in any period will be calculated after applying any recoveries following enforcement of a Loan to outstanding fees and interest amounts due and payable on the relevant Loan. See "*Credit Structure – Principal Deficiency Ledger*";

- during the Further Sale Period, (i) the application of amounts standing to the credit of the Retained Principal Ledger as Available Principal Receipts to fund any Class A Target Amortisation Amount Shortfall on any Interest Payment Date and (ii) the purchase of Additional Loans by the Issuer on any Further Sale Date during the Further Sale Period. On any Interest Payment Date, 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;

- the availability of an investment rate provided by the relevant Account Bank in respect of monies held in the Deposit Accounts and/or income from Authorised Investments (see section "*Cashflows*" for further details);

- availability of the fixed rate swaps provided by the Fixed Rate Swap Provider to hedge against the possible variance between (i) the fixed rates of interest payable on the Fixed Rate Loans and (ii) the floating rate of interest calculated under the Notes (the "**Fixed Rate Swaps**") (see section "*Credit Structure – Interest Rate Risk*" for details); and

- the Class B VFN Drawdown Ledger which will record (A) amounts funded on any Business Day by the Class B VFN prior to the VFN Commitment Termination Date to be credited to the Class B VFN Drawdown Ledger in accordance with Condition 18.1 (*Class B VFN*) and (B) withdrawals from such

ledger on any Business Day to fund any Further Advance Purchase Price (see "*Credit Structure – Class B VFN Drawdown Ledger*").

Bank Accounts and Cash Management

On the Closing Date the Issuer will enter into (a) the Co-op Bank Account Agreement with the Co-op Account Bank in respect of the Co-op Deposit Account and (b) the BNYM Bank Account Agreement with the BNYM Account Bank in respect of the BNYM Deposit Account.

The amount standing to the credit of the Co-op Deposit Account at any time:

(a) if the Co-op Deposit Account is paying negative interest, will be limited to zero;

(b) otherwise,

(i) while the Co-op Account Bank does not have a rating at least equivalent to the Account Bank Rating, will be limited to the total of (1) the Co-op Collateral Amount, and (2) the maximum amount of any unconditional guarantee obtained by The Co-operative Bank of amounts which are not covered by the Co-op Collateral Account from an entity whose short-term and long-term (as applicable) unsubordinated and unguaranteed debt obligations are rated the Account Bank Rating; or

(ii) if the Co-op Account Bank does have a rating at least equivalent to the Account Bank Rating, an unlimited amount.

The Cash Manager will deposit any amount in excess of paragraphs (a) and (b)(i) above in another Relevant Deposit Account.

"**Co-op Collateral Amount**" means an amount equal to the amount deposited in the BNYM Deposit Account (and recorded on a ledger, the "**Co-op Collateral Account Ledger**" from time to time on that account (the "**Co-op Collateral Account**")) by The Co-operative Bank to collateralise its obligations under the Co-op Bank Account Agreement.

The Co-op Collateral Amount will be £100,000 on the Closing Date.

On or about the Closing Date, the Seller will enter into the Collection Account Declaration of Trust under which the Seller will declare that all funds standing to the credit of the Collection Account are held on trust for the Issuer.

"**Collection Account**" means the Third Party Collection Agent's account with account number 23548967, sort code 01 05 02 held with National Westminster Bank Plc into which amounts in respect of loans whose legal title is held by the Seller are collected.

TRANSACTION OVERVIEW – TRIGGERS TABLES

Rating Triggers Table

BNYM Account Bank	(a)	either a long-term issuer default rating of at least A, or a short-term issuer default rating of at least F1 by Fitch; and	If such Account Bank fails to maintain any of the Account Bank Rating, then the Cash Manager shall assist the Issuer to transfer funds in the such Deposit Account to the Relevant Deposit Account in accordance with the definition thereof. In the event that none of the BNYM Account Bank and the Co-op Account Bank are rated at least the Account Bank Rating, the Cash Manager shall assist the Issuer to open, within 30 days of the downgrade of the bank that was the last to lose the Account Bank Rating: (a) open a replacement account with a financial institution (i) having the Account Bank Ratings and (ii) which is a bank as defined in section 991 of the Income Tax Act 2007 (a "**Replacement Deposit Account**"), and to transfer amounts deposited with the BNYM Account Bank to such Replacement Deposit Account; or (b) obtain an unconditional guarantee of the obligations of such Account Bank under the relevant Bank Account Agreement from a financial institution where short-term and long-term (as applicable) unsubordinated and unguaranteed debt obligations are rated the Account Bank Ratings.
	(b)	a short-term deposit rating of at least P-1 by Moody's, or such other lower rating which is consistent with the then current rating methodology of the Rating Agencies in respect of the then current ratings of the Notes (the "**Account Bank Rating**").	

Fixed Rate Swap Provider	Loss of: (a) the Unsupported Minimum Counterparty Rating (Without collateral); (b) a long-term counterparty risk assessment from Moody's of "A3(cr)", or, if the Fixed Rate Swap Provider has no long-term counterparty risk assessment from Moody's, a long-term, unsecured and unsubordinated debt obligations rating of "A3" by Moody's.	Fixed Rate Swap Provider must, within the timeframes stipulated in the Fixed Rate Swap Agreement, post collateral or, depending on which rating agency's relevant rating has not been maintained, transfer its rights and obligations to a replacement third party with the required rating, procure a third party with the required rating to become a co-obligor or guarantee its rights and obligations, or take such other action as is required to maintain, or restore, the rating of the Class A Notes by the relevant rating agency immediately prior to the loss of the relevant rating agency. The Fixed Rate Swap Agreement may be terminated early if the above requirements are not satisfied in accordance with that agreement and a termination payment may become payable either by the Issuer or the Fixed Rate Swap Provider.
	Loss of: (a) the Supported Minimum Counterparty Rating; (b) a long-term counterparty risk assessment from Moody's of "Baa1(cr)", or, if the Fixed Rate Swap Provider has no long-term counterparty risk assessment from Moody's, a long-term, unsecured and unsubordinated debt obligations rating of "Baa1" by Moody's.	The Fixed Rate Swap Provider must, within the timeframes stipulated in the Fixed Rate Swap Agreement, (1) post (or continue to post) collateral and (2) depending on which rating agency's relevant rating has not been maintained, transfer its rights and obligations to a replacement third party with the required rating, procure a third party with the required rating to become a co-obligor or guarantee its rights and obligations, or take such other action as is required to maintain, or restore, the rating of the Class A Notes by the relevant rating agency immediately prior to the loss of the relevant rating agency.

	The Fixed Rate Swap Agreement may be terminated early if the above requirements are not satisfied in accordance with that agreement and a termination payment may become payable either by the Issuer or the Fixed Rate Swap Provider.

If an entity is not incorporated in the same jurisdiction as the Fixed Rate Swap Provider, and has not provided to Fitch a legal opinion confirming the enforceability of the subordination provisions against it, references to "**Supported Minimum Counterparty Rating**" shall be deemed to refer to "Supported Minimum Counterparty Rating (With collateral – no flip clause)". Otherwise, references to "**Supported Minimum Counterparty Rating**" shall be deemed to refer to "Supported Minimum Counterparty Rating (With collateral – flip clause)".

For purposes of the above, "**Unsupported Minimum Counterparty Rating (Without collateral)**", "**Supported Minimum Counterparty Rating (With collateral – flip clause)**" and "**Supported Minimum Counterparty Rating (With collateral – no flip clause)**" shall mean the short-term issuer default ratings or derivative counterparty rating (or if a derivative counterparty rating is not available, a long-term issuer default rating) from Fitch corresponding to the then – current rating of the Class A Notes as set out in the following table:

Current rating of Class A Notes	**Unsupported Minimum Counterparty Rating (Without collateral)**	**Supported Minimum Counterparty Rating (With collateral – flip clause)**	**Supported Minimum Counterparty Rating (With collateral – no flip clause)**
AAAsf	A or F1	BBB- or F3	BBB+ or F2
AA+sf, AAsf, AA-sf	A- or F1	BBB- or F3	BBB+ or F2
A+sf, Asf, A-sf	BBB or F2	BB+	BBB or F2
BBB+sf, BBBsf, BBB-sf	BBB- or F3	BB-	BBB- or F3
BB+sf, BBsf, BB-sf	At least as high as the Class A Notes rating	B+	BB-
B+sf or below	At least as high as the Class A Notes rating	B-	B-

Non-Rating Triggers Table

Perfection Events	Any of the following: (a) the Seller being required by (i) an order of a court of	The Borrowers under the Mortgages will be notified of the sale of Mortgages to the Issuer and legal title to the

		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, to perfect legal title to the Loans and their Related Security;	Mortgages will be transferred to the Issuer.
	(b)	it becoming necessary by law to take any or all such actions referred to in paragraph (a) above;	
	(c)	the security created under or pursuant to 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 directed by the Secured Creditors 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 in relation to the Seller;	
	(f)	a breach by the Seller of its obligations under the Transaction Documents, which such breach remains unremedied after a period of 30 days following notification to the Seller of such breach; or	
	(g)	if the Seller determines, as at any date, that its CET1 Ratio has fallen below 6.00%.	
Servicer	(a)	Default is made by the Servicer in the payment on the due date of any payment due and payable by it under the Servicing Agreement or any	The Issuer (subject to the prior written consent of the Security Trustee acting on the instruction of the Note Trustee) or (following the service of a

other Transaction Document 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 or the Seller or (after the delivery of a Note Acceleration Notice) the Security Trustee requiring the same to be remedied; or

(b) default is made by the Servicer in the performance or observance of any of its other covenants and obligations under the Servicing Agreement or any other Transaction Document which (i) in the opinion of the Note Trustee (prior to the delivery of a Note Acceleration Notice) or the opinion of the Security Trustee (after the delivery of a Note Acceleration Notice) (acting on the instructions of the Note Trustee) is materially prejudicial to the interests of the Noteholders of any Class (which determinations shall be conclusive and binding on all other Secured Creditors) or (ii) if there are no Notes then outstanding, all the other Secured Creditors confirm in writing to the Security Trustee, is materially prejudicial to their interests, 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 (following the service of a Note Acceleration Notice) the Security Trustee requiring the same to be remedied, provided however that, where the relevant default and receipt of

Note Acceleration Notice) the Security Trustee may at once or at any time thereafter while such default continues by notice in writing to the Servicer and Back-Up Servicer Facilitator (with a copy to the Security Trustee in the case of the Issuer) terminate the appointment of the Servicer under the Servicing Agreement with effect from a date (not earlier than the date of the notice) specified in the notice. The Issuer (with the assistance of the Back-Up Servicer Facilitator) shall use their reasonable endeavours to appoint the Back-Up Servicer (if any) or otherwise appoint a substitute servicer that satisfies the conditions set out in the Servicing Agreement.

		notice of such default occurs as a result of a default by any person to whom the Servicer has sub-contracted or delegated part of its obligations hereunder, such default shall not constitute a Servicer Termination Event if, within such period of thirty Business Days, the Servicer terminates the relevant subcontracting or delegation arrangements and takes such steps as the Issuer or (following the service of a Note Acceleration Notice) the Security Trustee may in its discretion specify to remedy such default and/or to indemnify (which may be by way of payment in advance or provision of security) the Issuer and the Security Trustee to its satisfaction against the consequences of such default;	
	(c)	the occurrence of an Insolvency Event in respect of the Servicer; or	
	(d)	the Issuer ceases to have any interest in the Portfolio.	
Cash Manager	(a)	*Non-payment*: default is made by the Cash Manager in the payment, on the due date, of any payment due and payable by it under the Cash Management Agreement and such default (where capable of remedy) continues unremedied for a period of ten Business Days after the earlier of the Cash Manager becoming aware of such default and receipt by the Cash Manager of written notice from the Issuer or, following service of a Note Acceleration Notice, the Security Trustee, as the case may be, requiring the same to be remedied; or	The Issuer or (following the service of a Note Acceleration Notice) the Security Trustee may thereafter, while such default continues, deliver a notice (a "**Cash Manager Termination Notice**") to the Cash Manager (with a copy to the Issuer or the Security Trustee, as applicable) to terminate its appointment as Cash Manager under the Cash Management Agreement with effect from the date specified in such Cash Manager Termination Notice and appoint the Back-Up Cash Manager as Replacement Cash Manager under the Replacement Cash Management Agreement.
	(b)	*Breach of other obligations*:	

default is made by the Cash Manager in the performance or observance of any of its other covenants and obligations under the Cash Management Agreement, which in the opinion of the Note Trustee (prior to the delivery of a Note Acceleration Notice) or the opinion of the Security Trustee (after the delivery of a Note Acceleration Notice) (acting on the instructions of the Note Trustee) is materially prejudicial to the interests of the Noteholders of any Class (which determinations shall be conclusive and binding on all other Secured Creditors) and such default continues unremedied for a period of 30 Business Days after the earlier of the Cash Manager becoming aware of such default (where capable of remedy) and receipt by the Cash Manager of written notice from the Issuer or the Security Trustee (following the service of a Note Acceleration Notice), as the case may be, requiring the same to be remedied (where capable of remedy);

(c) *Insolvency Event*: an Insolvency Event occurs with respect to the Cash Manager; or

(d) *No Interest*: the Issuer ceases to have any interest in the Portfolio.

TRANSACTION OVERVIEW – FEES

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

Type of Fee	Amount of Fee	Priority in Cashflow	Frequency
Servicing fees	In relation to each Collection Period, a fee calculated on the basis of the number of days elapsed (for which the Servicer was performing the Services) in a 365 - day year (or 366 day year in a leap year) at the rate of 0.0875 per cent. per annum (exclusive of any applicable VAT) on the aggregate average Current Balance of all Loans comprising the Portfolio as determined at the close of business on the last calendar day of each Collection Period, the average balance to be calculated as the total Current Balance of all Loans comprising the Portfolio on the first day of the Collection Period plus the total Current Balance of all Loans comprising the Portfolio on the last day of the Collection Period divided by two, plus £50 per Loan which is in Arrears per month (exclusive of any applicable VAT), charged once per Collection Period, with such calculation notified in writing to the Issuer and the Cash Manager within seven Business Days of the end of each Collection Period, plus £100 per Loan which has been repaid in full during a Collection Period (exclusive of any applicable VAT), with such calculation notified in writing to the Issuer and the Cash Manager within seven Business Days of the end of each Collection Period in which such repayment occurred, £2,854.50 per	Ahead of all outstanding Notes.	Quarterly in arrears on each Interest Payment Date.

	sale of Additional Loans on a Further Sale Date if a such Further Sale Date is not the first Business Day of a month, provided that where more than one Additional Loan is sold on the same Further Sale Date it shall be considered as one sale, and £2,118 per sale of Additional Loans on a Further Sale Date if such Further Sale Date is on the first Business Day of a month, provided that where more than one Additional Loan is sold on the same Further Sale Date it shall be considered as one sale.		
Cash management fee	£20,000 each year (exclusive of any applicable VAT).	Ahead of all outstanding Notes.	Quarterly in arrear on each Interest Payment Date.
Other fees and expenses of the Issuer (including fees to the Back-Up Cash Manager, Note Trustee and Security Trustee)	Estimated at £60,000 each year (exclusive of any applicable VAT).	Ahead of all outstanding Notes.	Quarterly in arrear on each Interest Payment Date.
Expenses related to the admission to trading of the Notes	Estimated at €18,000 (exclusive of any applicable VAT).		On or about the Closing Date.

Please note that any back-up servicer, replacement servicer or replacement cash manager is likely to charge further fees and such fees are likely to be paid in priority in cashflow ahead of all outstanding Notes quarterly in arrears on each Interest Payment Date.

As at the date of this Prospectus, United Kingdom value added tax ("**VAT**") is currently chargeable at 20 per cent.

CERTAIN REGULATORY DISCLOSURES

Securitisation Regulation

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

As to the information made available to prospective investors by the Issuer, reference is made to the information set out herein and forming part of this Prospectus and to any other information provided separately (which information shall not form part of this Prospectus) and, after the Closing Date, to the monthly Investor Reports provided to the Noteholders pursuant to the Cash Management Agreement and published on the following website: https://www.co-operativebank.co.uk/investorrelations/debtinvestors/silkroadfinancermbs

The Seller has provided a corresponding undertaking with respect to: (i) the provision of such investor information and compliance with the requirements of Article 7(e)(iii) of the Securitisation Regulation by confirming the risk retention of the Seller as contemplated by Article 6(1) of the Securitisation Regulation as specified in the paragraph above; and (ii) the interest to be retained by the Seller as specified in the introductory paragraph above in the Mortgage Sale Agreement.

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

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

The Seller has undertaken in the Mortgage Sale Agreement:

(a) to retain a material net economic interest of not less than five per cent. in the transaction (for the life of the transaction) as required by the text of Article 6(1) of the Securitisation Regulation (which does not take into account any corresponding national measures and as interpreted and applied on the date that the Mortgage Sale Agreement was entered into);

(b) to comply with the transparency requirements required by the text of Article 7 of the Securitisation Regulation;

The Seller has warranted that Loans have not been sold to the Issuer 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 the Seller.

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

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

For further information, please refer to the Risk Factor entitled "*Regulatory initiatives may result in increased regulatory capital requirements and/or decreased liquidity in respect of the Notes*".

Confirmations of the Seller

For the purposes of Article 5 of the Securitisation Regulation, the Seller has made available the following information (or has procured that such information is made available):

(a) confirmation that the Seller was a credit institution as defined in points (1) and (2) of Article 4(1) of Regulation (EU) No 575/2013 at the time of origination of the Loans in the Portfolio, as to which please see the warranty (a) in the section of this Prospectus headed "*Summary of the Key Transaction Documents – Mortgage Sale Agreement – Representations and Warranties in the Mortgage Sale Agreement*";

(b) confirmation that the Seller (as originator) will retain on an ongoing basis a material net economic interest in accordance with Article 6(1) of the Securitisation Regulation and that the risk retention will be disclosed to investors in accordance with the transparency requirements required by the text of Article 7 of the Securitisation Regulation, as stated above; and

(c) confirmation that the Seller (as originator) will make available the information required by Article 7 of the Securitisation Regulation in accordance with the frequency and modalities provided for in such article, as to which, see below.

The Seller confirms that it has made available, prior to pricing, information required by Article 7(1)(a) of the Securitisation Regulation to the extent such information has been requested by a potential investor.

Reporting under the Securitisation Regulation

The Seller (as originator) will (or will arrange):

(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 Securitisation Regulation, which shall be provided (i) as at the date of this Prospectus and prior to the relevant technical standards being prepared under the Securitisation Regulation, in the form of the standardised template set out in Annex I of the Delegated Regulation (EU) No 2015/3 as required by Article 43(8) of the Securitisation Regulation, and (ii) following the technical standards required under the

Securitisation Regulation coming into effect, in the manner required by such technical standards;

(b) publish (simultaneously with the report referred to in paragraph (a) above) 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 Securitisation Regulation which shall be provided (i) as at the date of this Prospectus and prior to the relevant technical standards being prepared under the Securitisation Regulation, in the form of the standardised template set out in Annex I of the Delegated Regulation (EU) No 2015/3 as required by Article 43(8) of the Securitisation Regulation, and (ii) following the technical standards required under the Securitisation Regulation coming into effect, in the manner required by such technical standards;

(c) publish on the website of European DataWarehouse at https://editor.eurodw.eu/home any information required to be reported pursuant to Article 7(1)(f) or 7(1)(g) (as applicable) of the Securitisation Regulation without delay. Such information will also be delivered to the Note Trustee in PDF form by electronic mail by the Seller and be made available by the Seller, on request, to potential holders of the Notes; and

(d) within 15 days of the issuance of the Notes, make available via the website of European DataWarehouse at https://editor.eurodw.eu/home copies of the Transaction Documents and this Prospectus.

The reports set out above shall be published on the website of European DataWarehouse at https://editor.eurodw.eu/home, being a website which conforms with the requirements set out in Article 7(2) of the Securitisation Regulation and each such report shall be made available no later than one month following the Interest Payment Date following the Calculation Period to which it relates. For the avoidance of doubt, this website and the contents thereof do not form part of this Prospectus. To the extent any technical standards prepared under the Securitisation Regulation come into effect after the date of this Prospectus and require such reports to be published in a different manner or on a different website, Co-op (as originator) shall comply with the requirements of such technical standards when publishing such reports.

CRA Regulation

The credit ratings included or referred to in this Prospectus have been issued by Moody's and Fitch, each of which is established in the European Union and is registered under the CRA Regulation.

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". Although other exclusions may be available to the Issuer, this view is based on the conclusion that the Issuer satisfies all the elements of the exemption from the definition of "investment company" in the Investment Company Act 1940 provided by Section 3(c)(5)(C) thereunder.

WEIGHTED AVERAGE LIVES OF THE CLASS A NOTES

Weighted average life refers to the average amount of time that will elapse from the date of issuance of a security to the date of distribution to the investor of amounts distributed in net reduction of principal of such security (assuming no losses). The weighted average lives of the Notes will be influenced by, among other things, the actual rate of repayment of the Loans in the Portfolio or by the purchase of Additional Loans during the Further Sale Period.

The model used in this Prospectus for the Loans represents an assumed constant per annum rate of prepayment each month relative to the then current principal balance of a pool of Loans. The assumed constant per annum rate of prepayment does not purport to be either an historical description of the prepayment experience of any pool of loans or a prediction of the expected rate of prepayment of any Loans, including the Mortgages to be included in the Portfolio.

The 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 Class A Notes can be made based on certain assumptions. For example, based on the assumptions that:

(a) there are no arrears or enforcements for so long as the Notes remain outstanding;

(b) there is no debit balance on the Principal Deficiency Ledger on any Interest Payment Date;

(c) no Loan is required to be repurchased by the Seller;

(d) in the case of tables stating "*Assuming the Class A Notes are redeemed on the Step-Up Date*", the Notes are redeemed at their Principal Amount Outstanding on the Step-Up Date;

(e) no Security has been enforced;

(f) no Note Acceleration Notice has been served on the Issuer and no Event of Default has occurred;

(g) the Issuer Standard Variable Rate is equal to 4.99 per cent.;

(h) Compounded Daily SONIA is equal to 0.70 per cent.;

(i) the Base Rate is equal to 0.75 per cent.;

(j) the amortisation of any Repayment Loan is calculated as an annuity loan on an actual/365 basis, and the interest on any Loan is calculated on an actual/365 basis;

(k) the weighted average lives have been calculated on an actual/360 basis;

(l) Initial Cut-off Date is 21 June 2019, Closing Date is 8 July 2019 and first Interest Payment Date is on 21 December 2019;

(m) payments on the Notes are made on the 21st day of March, June, September and December, if such day is not a Business Day, the next following Business Day;

(n) the Principal Amount Outstanding of the Class A Notes is equal to 86.5 per cent. of the Current Balance of the Provisional Portfolio;

(o) no Further Advances are made on a Loan;

(p) no Product Switches are made on a Loan;

(q) a Class A Target Amortisation Amount has been pre-determined up to the Step-up Date; and

(r) all Available Principal Receipts remaining after paying the Class A Notes down to 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. Additional Loans purchased during the Further Sale Period will amortise on a principal and interest basis and with a 25 year maturity from the Step-Up Date.

	Assuming the Class A Notes are redeemed on the Step-Up Date	**Assuming no Optional Redemption**
CPR	**Possible Average Life of Class A Notes (years)**	**Possible Average Life of Class A Notes (years)**
0%	4.57	12.78
5%	4.14	8.07
10%	4.14	6.87
15%	4.14	6.18
20%	4.14	5.74
25%	4.14	5.44
30%	4.14	5.23
35%	4.14	5.08

Assumptions (a) to (q) (inclusive) above relate to circumstances which are not predictable.

The average lives of the Class A 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 – Credit Structure – Considerations Relating to Yield, Prepayments, Mandatory Redemption and Optional Redemption*".

USE OF PROCEEDS

The Issuer will use the gross proceeds of the Class A Notes and Class B VFN to pay the Initial Consideration payable by the Issuer for the Portfolio to be acquired from the Seller on the Closing Date.

On the Closing Date, the Issuer will use the gross proceeds of the Class Z VFN to (a) establish the General Reserve Fund, (b) fund initial expenses of the Issuer incurred in connection with the issue of the Notes on the Closing Date and (c) fund the initial Co-op Collateral Amount of £100,000.

The Issuer will from time to time use the gross proceeds of drawings under the Class B VFN to fund any Further Advance Purchase Price on the relevant Monthly Pool Date (as the case may be) (to the extent not funded by amounts standing to the credit of the Principal Receipts Ledger).

After the Closing Date, the Issuer will from time to time use the gross proceeds of drawings under the Class Z VFN to (a) increase the General Reserve Fund up to an increased General Reserve Required Amount in order to satisfy the Asset Conditions for Further Advances and/or Product Switches, (b) fund the Issuer Fee Amount, (c) fund any increase in the Co-op Collateral Amount, (d) fund any premiums payable under the Fixed Rate Swap Agreement and (e) fund any shortfall (if any) in the amount to be retained by the Issuer as profit in accordance with the Pre-Acceleration Revenue Priority of Payments.

RATINGS

The Class A Notes, on issue, are expected to be assigned the following ratings by Moody's and Fitch. The Class B VFN and the Class Z VFN are not rated. A security rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the assigning rating organisation if, in its judgement, circumstances (including, without limitation, a reduction in the credit rating of the Fixed Rate Swap Provider, the Swap Collateral Account Bank (if any), the BNYM Account Bank) warrant.

Class of Notes	**Moody's**	**Fitch**
Class A Notes	Aaa(sf)	AAA(sf)
Class B VFN	Not Rated	Not Rated
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 European Union and is registered under the CRA Regulation.

THE ISSUER

Introduction

The Issuer was incorporated in England and Wales on 23 May 2019 (registered number 12013410) as a public limited company under the Companies Act 2006 The registered office of the Issuer is 11th Floor, 200 Aldersgate Street, London EC1A 4HD. The telephone number of the Issuer's registered office is +44 20 7466 1600. 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, of which two shares are fully paid up and 49,998 shares are one quarter paid up, each of which are beneficially owned by Holdings (see "*Holdings*").

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

The articles do not have an objects clause so the objects are unrestricted. The Issuer has been established as a special purpose vehicle solely for the purpose of issuing asset-backed securities. The activities of the Issuer will be restricted by the Transaction Documents and will be limited to the issue of the Notes, the exercise of related rights and powers and other activities referred to herein or reasonably incidental thereto.

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

In accordance with the Corporate Services Agreement, the Corporate Services Provider will provide to the Issuer certain directors, a registered and administrative office, the arrangement of meetings of directors and shareholders and procure the service of a company secretary. No 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 has not engaged, since its incorporation, in any material activities nor commenced operations other than those incidental to its registration as a public company under the Companies Act 2006 (as amended) and to the proposed issue of the Notes and the authorisation of the other Transaction Documents referred to in this Prospectus to which it is or will be a party and other matters which are incidental or ancillary to the foregoing. As at the date of this Prospectus, 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 or delivered to the Registrar of Companies on behalf of the Issuer. So long as 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 Issuer and the Principal Paying Agent in London. 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 2019.

There is no intention to accumulate surpluses in the Issuer (other than amounts standing to the credit of the General Reserve Ledger, the Retained Principal Ledger, the Make-Whole Ledger and the Issuer Profit Amount Ledger and the Class B VFN Drawdown Ledger).

Directors

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

Name	Business Address	Business Occupation
MaplesFS UK Corporate Director No.1 Limited	11th Floor, 200 Aldersgate Street, London EC1A 4HD	Corporate Director
MaplesFS UK Corporate Director No.2 Limited	11th Floor, 200 Aldersgate Street, London EC1A 4HD	Corporate Director
Charles Michael Leahy	11th Floor, 200 Aldersgate Street, London EC1A 4HD	Director

The directors of MaplesFS UK Corporate Director No.1 Limited and MaplesFS UK Corporate Director No.2 Limited and their principal activities are as follows:

Name	Business Address	Principal Activities
Alasdair Maclaren Robertson	11th Floor, 200 Aldersgate Street, London EC1A 4HD	Attorney
Scott William Somerville	11th Floor, 200 Aldersgate Street, London EC1A 4HD	Chief Executive Officer

The company secretary of the Issuer is Maples Fiduciary Services (UK) Limited whose principal office is at 11th Floor, 200 Aldersgate Street, London, EC1A 4HD.

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 20 May 2019 (registered number 12006954) as a private limited company under the Companies Act 2006 (as amended). The registered office of Holdings is 11th Floor 200 Aldersgate Street, London EC1A 4HD. The issued share capital of Holdings comprises two ordinary shares of £1 each. Maples Fiduciary Services (UK) Limited (the "**Share Trustee**") holds the entire beneficial interest in the issued share under a discretionary trust for discretionary purposes. Holdings holds the 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. Holdings does not have any control, direct or indirect, of any company other than the Issuer.

The articles do not have an objects clause so the objects are unrestricted.

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.

The issued share capital of the Issuer is beneficially owned by Holdings. Holdings is not party to any Transaction Documents (other than the Master Definitions and Construction Schedule and the Corporate Services Agreement). Its role within the transaction is limited to holding the shares of the Issuer.

Directors

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

Name	Business Address	Business Occupation
MaplesFS UK Corporate Director No.1 Limited	11th Floor, 200 Aldersgate Street, London EC1A 4HD	Corporate Director
MaplesFS UK Corporate Director No.2 Limited	11th Floor, 200 Aldersgate Street, London EC1A 4HD	Corporate Director
Charles Michael Leahy	11th Floor, 200 Aldersgate Street, London EC1A 4HD	Director

The directors of MaplesFS UK Corporate Director No.1 Limited and MaplesFS UK Corporate Director No.2 Limited and their respective occupations are:

Name	Business Address	Principal Activities
Alasdair Maclaren Robertson	11th Floor, 200 Aldersgate Street, London EC1A 4HD	Attorney
Scott William Somerville	11th Floor, 200 Aldersgate Street, London EC1A 4HD	Chief Executive Officer

The company secretary of the Issuer is Maples Fiduciary Services (UK) Limited whose principal office is at 11th Floor, 200 Aldersgate Street, London EC1A 4HD.

The accounting reference date of Holdings is 31 December and the first statutory accounts of Holdings will be drawn up to 31 December 2019.

Holdings has no employees.

THE CO-OPERATIVE BANK P.L.C.

Overview

The business of the Bank has a history dating back to 1872 as the original "Loans and Deposit" department of Co-operative Wholesale Society Limited. Since its establishment, the Bank's aim has been to provide an ethical alternative to larger competitors.

The Bank's vision is to be an efficient and financially sustainable UK retail and Small to Medium sized Enterprises ("**SME**") bank that is distinguished by its values and ethics. These are underpinned by a customer-led ethical policy which has been developed over 25 years and is unique within the UK banking market.

History & Development

1872: The Bank was formed as the banking department of the Co-operative Wholesale Society Limited ("**CWS**").

1970: The Bank was incorporated as a separate legal entity, The Co-operative Bank Limited.

1973: Transfer of the business of the banking department of the former Scottish Co-operative Wholesale Society to the Bank.

1975: The Bank obtained clearing bank status.

1981: The Bank re-registered under the Companies Act 1980 as a public company.

1993: The Bank re-registered in its present name.

2001: CWS changed its name to Co-operative Group (CWS) Limited.

2007: Co-operative Group (CWS) Limited changed its name to Co-operative Group Limited following the merger with United Co-operatives Limited.

2009: The Bank merged with Britannia Building Society. The retail residential lending and savings franchise transferred from Britannia and the pre-merger businesses of the Bank continue to trade as separate businesses under the "Britannia", "The Co-operative Bank" and "smile" brand names respectively.

2013: To meet a £1.5 billion "**CET1**" capital shortfall, Co-operative Group and the Bank completed a recapitalisation plan (the "**2013 Recapitalisation Plan**"), announced on 17 June 2013, which included: the "**2013 Liability Management Exercise**"; CET1 capital contributions from Co-operative Group subsidiary, the Co-operative Banking Group ("**CBG**"); and interest savings on securities surrendered in the 2013 Liability Management Exercise.

2014: During 2014, the Bank improved its capital position by successfully raising an additional £400 million of CET1 capital in May 2014.

2015-2016: The Bank successfully implemented a number of key turnaround measures, including: (i) significant Non-core Business de-leveraging; (ii) reductions in the Bank's operating cost base; (iii) addressing legacy conduct issues; and (iv) successfully remediating a breach of FCA Threshold Conditions (relating to non-compliance in relation to the Bank's IT systems recoverability) confirmed by the FCA in 2017.

2017: The Bank completed a further liability management and capital-raising exercise with existing investors that generated an additional £712.5 million of CET1 (before costs), including £250 million of new CET1 (the "**Restructuring and Recapitalisation**"). This activity significantly improved the Bank's CET1 ratio and total capital ratio to 24.7 per cent. as at 31 December 2017. The activity also included the creation of a newly incorporated, private holding company, the Holding Company, which at the time owned 100 per cent. of the Bank's shares.

The Bank completed a programme of activity to further embed a robust Risk Management Framework and governance oversight, and further improved its capital resilience through further non-core deleveraging.

2018: The Bank accessed £1 billion of TFS funding, supporting positive new mortgage lending growth.

The sectionalisation of the Bank's share of the Pace pension scheme was completed, marking a key step towards full separation from Co-operative Group.

A new Chairman, Chief Executive Officer (CEO) and Chief Financial Officer (CFO) were appointed, together with a renewed executive leadership team.

2019 onwards: The Bank is focused on the implementation of a multi-year transformation. Through delivering the Bank's strategy and Plan, the Bank aims to improve profitability, and meet regulatory and loss absorbing capacity requirements. The Co-operative Bank Finance p.l.c. (the Bank's parent company) completed a £200m Tier 2 capital transaction in April to improve capital and MREL resources.

Business Overview

As at 31 December 2018, the Bank had total assets of £23,102.8 million (£24,490.1 million as at 31 December 2017) and approximately 4 million customers which are serviced through a network of 68 branches, two customer contact centres and digital banking channels (online and mobile banking). The Bank is based in Manchester and employs 2,759 people across the UK. The Bank operates through "The Co-operative Bank", "Britannia" and "smile" brands, together with the Bank's intermediary mortgage brand, "Platform", offering a customer-centric product range that is simple, clear, fair and transparent.

The Bank focuses on three market segments in the UK market:

Retail Deposits

- Personal current accounts for retail customers
- Fixed and variable saving products for retail customers

Retail Assets

- Residential and buy to let mortgages for retail customers
- Home insurance (referral service only)
- Credit cards and overdraft facilities for retail customers

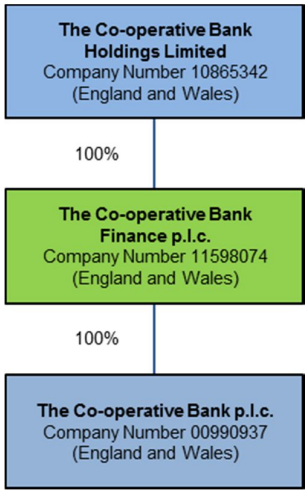
SME Banking

Business current accounts, deposits and lending tailored to small and medium sized businesses.

Major Shareholdings

The Bank is a public limited company with debt securities listed on the London Stock Exchange. Its equity is not listed.

As at 1 June 2019, the Bank's sole shareholder is the Co-operative Bank Finance p.l.c. The sole shareholder of the Co-operative Bank Finance p.l.c. is the Holding Company, which is a private company limited by share capital.



The Holding Company's share capital is divided into Class A ordinary shares of £0.0001 each (the "**A Shares**") and Class B redeemable preference shares of £0.01 each (the "**B Shares**"). The A shares are entitled to dividends to be paid out of the profits of the Holding Company, but the B Shares do not carry any right to participate in the profits of the Holding Company, except as provided for on a Bank exit (any transaction or arrangement which results in the Holding Company ceasing to be the Bank's direct or indirect Holding Company or ceasing to hold directly or indirectly substantially all of the assets of the Bank) or IPO exit (admission of the A Shares of the Holding Company to a securities exchange, as defined in the Holding Company Articles).

If at any time an A Shareholder (together with its affiliates): is the registered holder of equal to or greater than 10 per cent. of the A Shares then in issue (the "**B Threshold**"); has been and is approved by the PRA as a Controller of the Company; and executes a deed of adherence to the B Shareholders' Agreement, (together, the "**Qualifying Conditions**"), such A Shareholder shall be deemed a 'Qualifying Shareholder' and the Holding Company shall have the power to allot and issue to them, one B Share for every 1 per cent. held of the A Shares then in issue (rounded down to the nearest whole percentage point). Each and every shareholder of B Shares (a "**B Shareholder**") is entitled to receive notice of, attend and vote at a general meeting of the Holding Company, with one vote in respect of each B Share registered in the name of the holder.

As at 1 June 2019, the B Shareholders of The Co-operative Bank Holdings Limited were

B Shareholders	Percentage of B Shares
Anchorage Illiquid Opportunities Offshore Master V.L.P	24.10%
SP Coop Investments, Ltd	22.89%
Goldentree Asset Management Lux S.A.R.L.	16.87%
Cyrus Opportunities Master Fund II Ltd	12.05%
Invesco Asset Management Limited for and on behalf of its discretionary managed clients via The Bank of New York Nominees Limited	12.05%
Blue Mountain Cayman SPC for and on behalf of Balloon SP	12.05%

Business and Principal Activities

The Bank operates through "The Co-operative Bank", "Britannia" and "smile" brands, together with the Bank's intermediary mortgage brand, "Platform", offering a customer-centric product range that is simple, clear, fair and transparent.

Retail Deposits

Current Accounts

As at 31 December 2018, the Bank had 'franchise' current account balances of £4.2 billion, with approximately 627,000 primary current accounts (being accounts that turnover £800 or more per month on average).

Savings

As at 31 December 2018 the Bank had £12.4 billion of retail customer deposit balances.

Retail Lending

Mortgage Lending and Insurance

As at 31 December 2018, the Bank had a total outstanding mortgage portfolio of £5.0 billion issued under The Co-operative Bank brand and the Britannia brand and a total outstanding mortgage portfolio of £10.5 billion issued under the Platform brand. As at 31 December 2018, the Bank's total issued residential mortgage lending secured on residential property (excluding buy-to-let) was £14.4 billion and the total buy-to-let mortgage portfolio was £1.1 billion.

During the twelve months ended 31 December 2018, the Bank's total new mortgage completions amounted to £4.2 billion and total mortgage balances increased from £14.1 billion to £15.5 billion. Customer mortgages are currently originated exclusively through authorised brokers or intermediaries through the Platform channel.

Platform operates a dedicated brand within the UK intermediary market. Launched in February 2003, Platform was created from the merger of "Platform Home Loans" and "Verso", both former subsidiaries of Britannia. Platform is focused on prime residential mortgages and buy to let lending. Through Platform, the Bank holds extensive relationships with intermediaries across the UK.

The Bank's fixed rate mortgages currently offer a term of two, three or five years, with the fixed rate charged determined by the loan-to-value ratio and fixed rate duration of the mortgage in question.

As part of the Bank's strategy, the Bank intends to continue to offer a simple range of mortgage products without complex features and consistent with its risk appetite and market conditions.

The Bank continues to offer a home insurance proposition through a referral arrangement with Legal & General.

The Bank has significantly more than 5 years of experience in the origination and underwriting of mortgage loans similar to those included in the Portfolio.

The Bank, WMS, Capita and Securitisation Servicing Entities entered into a Master Services Agreement on 1 August 2015 (the "**Capita (WMS) Agreement**"). Under the Capita (WMS) Agreement the Bank outsourced the majority of its mortgage processing for its mortgage portfolio to WMS (including mortgage operations, contact centre and arrears). The Bank retained a number of more sophisticated operational activities, including retail sales (which are advised sales), manual underwriting, buy-to-let mortgage applications, unresolved complaints and administration and arrears in relation to sensitive and vulnerable customers.

The current Bank and Capita (WMS) Agreement expires on 31 December 2020

SME Banking

The Bank served over 85,000 customers as at 31 December 2018, the majority of which were smaller UK enterprises and community organisations. The Bank offers a set of business current accounts which is supported by a simple savings proposition. As at 31 December 2018, the Bank had £2.1 billion of SME customer deposit balances. The Bank also offers a lending proposition for SME customers, offering a charge card to help businesses with cash flow management, a simple overdraft proposition, and a variable rate loan proposition for lending between £25,000 and £250,000. As at 31 December 2018, the Bank had £1.1 billion loans outstanding to SME customers.

In late 2018, the Bank received approval to participate in the RBS "Incentivised Switching Scheme" which will see RBS incentivise some of their SME customers to move their banking to challenger banks in order to drive increased competition in the UK SME banking market. To support the Bank's participation in the scheme and the Bank's wider SME proposition, the Bank has invested in marketing to raise awareness of its SME proposition and has made improvements to the customer journey by simplifying and digitalising our account opening process, which went live in February 2019 ahead of the start of the Incentivised Switching Scheme. Furthermore, in May 2019, the Bank received confirmation that it had been successful in an application for £15m of funding from the Capability and Innovation Fund, which will provide challenger banks and FinTechs with funding to invest in their products and services for SMEs. This is intended to drive competition and is part of the overall RBS Alternative Remedies Package alongside the Incentivised Switching Scheme as referenced above. The Bank will focus this investment on enhancing our digital service for SMEs, providing new products and personalised business support tools, and investing in infrastructure and automation to make everyday banking easier for SME customers.

Other

In addition to the Bank's current product offering, the Bank also has a relatively small stock of historical residential mortgage loans (the "**Optimum Portfolio**") that were advanced to borrowers who self-certified their income and to other borrowers who do not meet the Bank's current prime borrower credit requirements. The Optimum Portfolio's size has reduced to £0.5 billion as at 31 December 2018 following a series of de-leveraging transactions since 2015.

The Bank also manages a closed portfolio of £1.2 billion of corporate assets (the "**Legacy Portfolio**") which are inconsistent with the Bank's current business strategy and risk appetite. The Legacy Portfolio has been actively deleveraged over a number of years which has significantly reduced the exposure**.**

Information Technology

The Bank's IT architecture supports the end-to-end activities of a full-service retail and business clearing bank.

The Bank relies on approximately 450 IT applications to support its range of retail and business financial products, customer services and the related business and operational support functions. These applications are hosted on IT infrastructure located in four strategic IBM data centres and five legacy data centres managed on behalf of the Bank by Co-operative Group.

The Bank's core systems consist of proprietary customer, account and payment solutions based on an IBM mainframe platform for heritage Co-operative Bank products, and IBM hosted mid-tier platforms for heritage Britannia products. This forms the basis of the Bank's IT architecture to which key vendor-supplied banking product and service platforms are connected to deliver regulatory-compliant banking functionality.

A certain amount of duplication of functionality remains within the Bank's IT applications estate, where the IT acquired with the Britannia merger in August 2009 still runs alongside the equivalent Bank applications. The most notable examples of this are the platforms that support mortgage and savings products. Elimination of this duplication represents a rationalisation and simplification opportunity for the Bank in its systems transformation plans.

The Bank utilises third-party IT-outsourced services for some "back-office" services (including HR, payroll and procurement), with an Oracle-based enterprise solution used by the Bank's finance function. The Bank continues to operate certain systems from the legacy data centres managed by Co-operative Group. The Bank aims to exit these legacy data centres, either by further migration activity, by transitioning services to new suppliers or by implementing replacement services, each of which will allow duplicative systems to be decommissioned.

The next phase of the Bank's IT infrastructure plans are full separation from Co-operative Group, full replacement of legacy XP desktops with a Windows 10 solution and savings and mortgage platform software upgrades.

The Bank operates within its technology risk appetite as set within its Risk Management Framework.

Litigation, arbitration and regulatory proceedings in relation to the Bank

The Bank is exposed to the inherent risks relating to the mis-selling of financial products, acting in breach of regulatory principles or requirements and giving negligent advice or other conduct determined by the Bank or the regulators to be inappropriate, unfair or non-compliant with applicable law or regulations. Any failure to manage these risks adequately could lead to further significant

provisions, costs and liabilities and/or reputational damage. The Bank's approach to provisions for historic mis-selling issues such as PPI and packaged accounts is based on the views and requirements of the Regulators. Any change in the Regulator's current approach could have a material impact.

Along with the wider industry, the Bank must comply with regulatory changes which may add complexity to an already difficult technology, operational and prudential change programme.

PPI

For a number of years, the Bank, along with many other financial services providers, sold PPI alongside mortgage and non-mortgage credit products. The Bank stopped selling unsecured loan PPI in January 2009, credit card PPI in November 2009 and mortgage PPI in March 2012. However, products still exist within the Bank which will include an element of PPI from historical sales.

In line with industry practice, provisions have been made in respect of potential customer complaints relating to historical mis-selling of PPI. Complaints are investigated on an individual basis and, where it is found that the Bank mis-sold PPI to customers (based on the FCA's policy statement 10/12 dated August 2010, which detailed how the FCA expects banks to investigate PPI complaints), compensation is paid to customers.

In November 2014, the Supreme Court handed down a decision in *Plevin v Paragon Personal Finance Ltd [2014] UKSC 61*. The decision concerned the lack of disclosure to the customer by Paragon of the commission amounts received in respect of sales of PPI.

Following the decision, in March 2017, the FCA announced that a time-bar would come into effect on 29 August 2019 in respect of PPI complaints. The FCA also published new rules and guidance on the handling of complaints in light of the *Plevin* decision, with firms required to pay redress to customers in cases where a certain level of commission was received by the firm. The FCA further announced that it required firms to pro-actively contact customers whose PPI mis-selling complaints had previously been rejected by the Bank to advise them of the existence of the *Plevin* judgment referred to above and of the customer's ability to make another complaint. The Bank completed this pro-active mailing exercise in 2017 ahead of the FCA's deadline.

Since the implementation of the FCA's rules and guidance, following the *Plevin* decision, the Bank has received a low volume of PPI litigation claims (as opposed to complaints) from customers regarding the disclosure of commission. Customers are able to claim a higher level of redress via a litigation claim, than they would otherwise be awarded via a complaint under the FCA rules and guidance. The time-bar only applies to complaints, and so the Bank may continue to receive litigation claims beyond the time-bar.

Total PPI provisions of £537.8 million have been taken as at 31 December 2018 (£498.3 million as at 31 December 2017). As at 31 December 2018, the Bank had an unutilised provision of £67.8 million (31 December 2017: £88.9 million) in respect of potential customer redress and costs relating to past sales of PPI. The adequacy of the PPI provision is reviewed quarterly in the context of the Bank's own expectations of future complaint volumes and redress paid, wider industry claims experience, and the published views and requirements of the FCA. This review process will continue in the run-up to the time-bar and after the time-bar as the PPI operation is wound down.

Forecast future complaint and litigation claim volumes are difficult to predict, however the Bank received a high volume of complaints during 2018, driven mainly by claims management companies utilising the PPI-checking service to screen large numbers of possible cases before submitting them as formal complaints. Complaint volumes are not expected to decrease as the complaints deadline approaches, and in particular, the impact of (i) the recent communication regarding the Official Receiver's intention to submit PPI enquiries or complaints in respect of bankrupt customers; and (ii)

FCA's final communications campaign and wider media coverage on future complaint volumes is unknown. As such, the Issuer and the Bank cannot be certain that complaint volumes will not exceed forecasts.

Further conduct issues

While progress has been made in resolving conduct issues, no assurance can be given that further issues will not be identified, or that any such further or already identified issues may not require new or further provision, or that changes in regulation may not give rise to further conduct risks emerging.

As well as PPI, the Bank continues to monitor developments in certain product related areas, which are attracting increased focus, in some cases from both the courts and the Financial Ombudsman Service, including early repayment charges in both commercial and secured lending, variation of certain product terms and conditions and the related FCA remediation rules. To date, the Bank has seen a small number of complaints to the FOS in some of these areas. Changes in the approach to any of these issues in the market and/or increased complaints volumes, could adversely affect the Bank.

THE BANK OF NEW YORK MELLON, LONDON BRANCH

The Bank of New York Mellon, a wholly owned subsidiary of The Bank of New York Mellon Corporation, is incorporated, with limited liability by Charter, under the Laws of the State of New York by special act of the New York State Legislature, Chapter 616 of the Laws of 1871, with its Head Office situated at 240, Greenwich Street, New York, NY 10286, USA and having a branch registered in England and Wales with FC No 005522 and BR No 000818 with its principal office in the United Kingdom situated at One Canada Square, London E14 5AL.

BNY Mellon is a global investments company dedicated to helping its clients manage and service their financial assets throughout the investment lifecycle. Whether providing financial services for institutions, corporations or individual investors, BNY Mellon delivers informed investment management and investment services in 35 countries and more than 100 markets. As of 31 March 2019, BNY Mellon had $34.5 trillion in assets under custody and/or administration, and $1.8 trillion in assets under management. BNY Mellon can act as a single point of contact for clients looking to create, trade, hold, manage, service, distribute or restructure investments. BNY Mellon is the corporate brand of The Bank of New York Mellon Corporation (NYSE: BK). Additional information is available on www.bnymellon.com.

THE NOTE TRUSTEE AND SECURITY TRUSTEE

BNY Mellon Corporate Trustee Services Limited (the **Note Trustee** and **Security Trustee**) will be appointed pursuant to the Trust Deed as Note Trustee and pursuant to the Deed of Charge as the Security Trustee for the Noteholders.

The Note Trustee and Security Trustee were formerly known as J.P. Morgan Corporate Trustee Services Limited.

On 2 October 2006 the Note Trustee and Security Trustee changed their name to BNY Corporate Trustee Services Limited and, subsequently, on the 1 March 2011 the Note Trustee and Security Trustee changed their name to BNY Mellon Corporate Trustee Services Limited.

The Note Trustee and Security Trustee are wholly owned subsidiaries of BNY International Financing Corporation which administers a substantial and diverse portfolio of corporate trusteeships for both domestic and foreign companies and institutions.

The Note Trustee's and Security Trustee's registered office and principal place of business is at One Canada Square, London E14 5AL.

THE FIXED RATE SWAP PROVIDER

HSBC Bank plc and its subsidiaries form a UK based group providing a broad range of banking products and services.

HSBC Bank plc (formerly Midland Bank plc) was formed in England in 1836 and subsequently incorporated as a limited company in 1880. In 1923, the company adopted the name Midland Bank Limited, which it held until 1982 when it re-registered and changed its name to Midland Bank plc. In 1992, Midland Bank plc became a wholly owned subsidiary undertaking of HSBC Holdings plc, whose Group Head Office is at 8 Canada Square, London E14 5HQ. HSBC Bank plc adopted its current name, changing from Midland Bank plc, in 1999.

The HSBC Group is one of the world's largest banking and financial services organisations, with approximately 4,000 offices in 70 countries and territories in Europe, Asia, North America, Latin America and Middle East and North Africa. Its total assets at 31 March 2017 were U.S.$2,416 billion. HSBC Bank plc is the HSBC Group's principal operating subsidiary undertaking in Europe.

The short-term senior unsecured and unguaranteed obligations of HSBC Bank plc are, as at the date of this Prospectus, rated P-1 by Moody's and A-1+ by Standard & Poor's and HSBC Bank plc has a short term-issuer default rating of F1+ from Fitch. The long term senior unsecured and unguaranteed obligations of HSBC Bank plc are rated Aa2 by Moody's and AA- by Standard & Poor's and HSBC Bank plc has a long term issuer default rating of AA- from Fitch.

HSBC Bank plc is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority. HSBC Bank plc's principal place of business in the United Kingdom is 8 Canada Square, London E14 5HQ.

MAPLES FIDUCIARY SERVICES (UK) LIMITED

Maples Fiduciary Services (UK) Limited (registered number 9422850), having its principal address at 11th Floor, 200 Aldersgate Street, London EC1A 4HD provides corporate services to the Issuer and Holdings pursuant to the Corporate Services Agreement and acts as the Back-Up Servicer Facilitator pursuant to the Servicing Agreement.

Maples Fiduciary Services (UK) 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 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.

WESTERN MORTGAGE SERVICES LIMITED

WMS was incorporated and registered in England and Wales under the Companies Act 1985 with limited liability as a private limited company on 26 April 1996 with company registration number 3191608. The registered office of WMS is 30 Berners Street, London, England W1T 3LR.

Following the acquisition of Western Trust and Savings Limited ("**WTS**") in July 1995 by Birmingham Midshires Building Society, WMS acquired from WTS its mortgage servicing infrastructure. WMS was acquired by the Britannia Building Society ("**Britannia**") on 27 January 1997 and the shares subsequently transferred to Britannia Treasury Services Limited. Following the Merger, WMS became a subsidiary of The Co-operative Bank.

On 1 August 2015 Capita Asset Services (UK Holding) Limited ("**Capita**") entered into an agreement under which it acquired 100 per cent. of the shares in WMS from Britannia Treasury Services Limited (a subsidiary of The Co-operative Bank p.l.c. ("**Bank**")). On the same date WMS entered into a master services agreement with the Bank and certain Bank subsidiaries, under which WMS will service the Bank's mortgage processing and administration operations.

The terms of this agreement comprise the servicing of more than 161,000 mortgage accounts and £16.8 billion of lending. WMS employs approximately 605 staff for the servicing of the mortgage portfolios (figures as at 31 December 2018).

WMS continues to service third party portfolios previously serviced by WMS through different contractual arrangements.

The WMS mortgage administration services are run and managed predominantly by dedicated WMS IT staff from their own premises in Plymouth. Various local IT upgrades have been undertaken over the last few years in WMS to ensure the systems are maintained in line with the requirements of the business. WMS technology is maintained under vendor support contracts. A Disaster Recovery arrangement exists with a specialist third party provider and disaster recovery simulation test was completed in November 2014. The platform continues to be in use over a number of years following the sale of WMS to Capita and is expected to be transitioned into Capita's systems following the sale.

WMS 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 the Seller which are not sold to the Issuer. WMS has more than five years of experience in servicing of loans similar to those included in the Portfolio.

Under the terms of the Servicing Agreement, WMS will covenant to service the Loans in the Portfolio as if the same had not been sold to the Issuer but had remained on the books of the Seller and in accordance with WMS's procedures and servicing and enforcement policies as they apply to the Loans from time to time. As such, WMS will service the Loans in the Portfolio in the same way as comparable loans which are not included in the Portfolio.

However, the WMS service has some dependency on a system situated outside of Plymouth in The Co-operative Bank p.l.c.'s data centre in Leek, Staffordshire. This system supports arrears management and is part of The Co-operative Bank p.l.c.'s IT estate. Please refer to "*Risk Factors – Servicing and Third Party Risk – The Servicer*".

THE LOANS

The Portfolio

Introduction

The following is a description of some of the characteristics of the Loans originated by the Originator and sold in its capacity as Seller and comprised in the Portfolio including details of loan types, the underwriting process, lending criteria and selected statistical information.

The Seller selected the Loans for transfer into the Portfolio using a system containing defined data on each of the qualifying loans. This system allows the setting of exclusion criteria among others corresponding to relevant Loan Warranties that the Seller makes in the Mortgage Sale Agreement in relation to the Loans. 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 so that they continue to comply with the Loan Warranties on the Closing Date, as applicable.

Unless otherwise indicated, the description that follows relates to types of loans that could be sold to the Issuer as part of the Portfolio as at the Closing Date.

Each of the Loans are governed by the laws of England and Wales.

The Portfolio

The Portfolio from time to time after the Closing Date will comprise Loans (including any Additional Loans sold to the Issuer on a Further Sale Date during the Further Sale Period) advanced to the Borrowers upon the security of residential property situated in England and Wales and on the Closing Date will consist of the Mortgages acquired pursuant to the Mortgage Sale Agreement, other than Mortgages which have been repaid or which have been repurchased from the Issuer pursuant to the Mortgage Sale Agreement (for example, following a breach of a Loan Warranty).

Characteristics of the Portfolio

The tables set out in the chapter entitled "*Characteristics of the Provisional Portfolio*" set out information representative of the characteristics of the Provisional Portfolio as at the Portfolio Reference Date.

The balance of the Loans in the tables set out in the chapter entitled "*Characteristics of the Provisional Portfolio*" is shown as at the Portfolio Reference Date. The properties over which the Mortgages are secured have not been revalued for the purpose of the issue of the Notes. The valuations of such properties as set out in the following tables relate to the date of the original initial mortgage loan valuation except to the extent that there have been Further Advances which in some cases, the most recent valuation is utilised. The characteristics of the Closing Date Portfolio as at the Closing Date may vary from those set out in the tables as a result of, *inter alia,* repayment or purchase of Loans prior to the Closing Date or the purchase by the Issuer of Additional Loans.

Security

All of the Mortgages are secured by first ranking mortgages.

Interest Rate Types

The Provisional Portfolio consists of:

(a) 99.80 per cent. of the Mortgages which pay a fixed rate of interest for the life of such Mortgage or for a specific period (such mortgages during such period, the "**Fixed Rate Mortgages**") that reverts to either (i) an SVR Mortgage (as defined below) or (ii) a Base Rate Tracker Mortgage (as defined below).

(b) 0.13 per cent. of the Mortgages which have a variable interest rate that is set by the entity entitled to set such rate in accordance with the applicable Mortgage Conditions, taking into account various factors such as the Bank of England Base Rate, the cost of funds to that entity, and other interest rates charged by other mortgage lenders (the "**SVR Mortgages**").

(c) 0 per cent. of the Mortgages which have (currently or after a specific period) a variable interest rate (the "**Base Rate Mortgage Rate**") that is based on the Bank of England's base rate (as redetermined each calendar month referenced from the Bank of England's official bank rate, the "**Base Rate**" and the "**Base Rate Tracker Mortgages**") plus, for each mortgage, a fixed margin expressed as a percentage over Base Rate.

(d) 0.07 per cent. of the Mortgages which currently have a variable interest rate (the "**Base Rate Mortgage Rate**") that is based on the Bank of England's base rate (as re-determined each calendar month referenced from the Bank of England's official bank rate (the "**Base Rate**") plus, for each mortgage, a fixed margin expressed as a percentage over Base Rate, that reverts to either (i) an SVR Mortgage or (ii) a Base Rate Tracker Mortgage (such mortgages, the "**Discount Mortgages**").

Characteristics of the Loans

Types of Loans

The Loans in the Portfolio have one or more of the following characteristics or interest terms:

"**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 principal balance does not vary and is fixed for a certain period of time by the Seller.

Repayment terms

Loans are typically repayable as a *Repayment Loan*, where the Borrower makes monthly payments of both interest and principal so that, when the Loan matures, the full amount of the principal of the Loan will have been repaid ("**Repayment Loans**").

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

Principal prepayments may be made in whole or in part at any time during the term of a Loan. 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 the Borrowers for making payments on the Loans, including:

- direct debit instruction from a bank or building society account, and

- standing order from a bank or building society account.

Early repayment charges

The Borrower may be required to pay an early repayment charge if certain events occur during the predetermined product period and the loan agreement states that the Borrower is liable for early repayment charges and the Seller has not waived or revised its policy with regards the payment of early repayment charges. These events include a full or partial unscheduled repayment of principal, or an agreement between the 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, the Borrower will be liable to pay to the Seller a repayment fee based on a percentage of the amount repaid or switched to another product. If the Borrower has more than one product attached to the mortgage, the Borrower may choose under which product the principal should be allocated.

Title to the Portfolio

The Portfolio will consist of mortgages originated by The Co-operative Bank.

Pursuant to, and under the terms of a mortgage sale agreement entered into with, among others, the Seller and the Security Trustee (the "**Mortgage Sale Agreement**"), dated on or about the Closing Date, the Seller will transfer the beneficial title to the Mortgages, with a right to call for the legal title thereto, to the Issuer.

In the case of the Mortgages over registered land in England and Wales which will be transferred to the Issuer on the Closing Date or on any Further Sale Date, the Seller has agreed to remain on the relevant Land Registry as the legal mortgagee.

None of the above-mentioned transfers to the Issuer is to be completed by registration at the Land Registry or notice given to the relevant Borrowers until the occurrence of one of the events mentioned below. The Mortgages in the Portfolio and their collateral security are accordingly owned in equity only by the Issuer pending such transfer. Legal title in the Mortgages and their collateral security continue to be vested in the Seller. The Seller has agreed to transfer or (if applicable) procure the transfer of legal title to the Mortgages and their collateral security to the Issuer, and the Issuer has undertaken to seek the transfer of legal title, only in the circumstances set out below.

The Issuer will grant a first fixed charge in favour of the Security Trustee over its interest in the Mortgages.

Save as mentioned below, the Security Trustee has undertaken not to effect any registration at the Land Registry to protect the sale of the Mortgages to the Issuer or the granting of security over the Mortgages by the Issuer in favour of the Security Trustee nor, save as mentioned below, to obtain possession of title deeds to the properties the subject of the Mortgages.

Notices of the equitable assignments or declaration of trust in favour of the Issuer and the security in favour of the Security Trustee will not, save as mentioned below, be given to the Borrowers under the Mortgages.

Under the Mortgage Sale Agreement and the Deed of Charge, completion of the transfers to the Issuer will be effected and the Issuer and the Security Trustee will each be entitled to effect such registrations and give such notices as it considers necessary to protect their respective interests in the Mortgages, and to call for a legal assignment or transfer of the Mortgages in favour of the Issuer and a legal submortgage or sub-security over such Mortgages and collateral security in favour of the Security Trustee.

Under the Mortgage Sale Agreement and the Deed of Charge the Issuer and the Security Trustee have undertaken to take such steps only where, *inter alia*, (a) the Seller being required to perfect legal title to the Loans by (i) 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, to perfect legal title to the Loans and their Related Security, (b) it becoming necessary by law to take any or all such actions referred to in paragraph (a) above, (c) the security created under or pursuant to 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 Secured Creditors 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 in relation to the Seller; (f) a breach by the Seller of its obligations under the Transaction Documents, which such breach remains unremedied after a period of 30 days following notification to the Seller of such Breach; or (g) if the Seller determines, as at any date, that its CET1 Ratio has fallen below 6.00%. Following such legal assignment or transfer and sub charge or sub security, the Issuer and the Security Trustee will each be entitled to take all necessary steps to perfect legal title to their respective interests in the Mortgages, including the carrying out of any necessary registrations, recordings and notifications. These rights are supported by irrevocable powers of attorney given by the Seller pursuant to the Mortgage Sale Agreement.

Warranties and Breach of Warranties in relation to the Mortgages

The Mortgage Sale Agreement contains certain warranties given by the Seller in favour of the Issuer in relation to the mortgages sold to the Issuer pursuant to the Mortgage Sale Agreement. No searches, enquiries or independent investigation of title of the type which a prudent purchaser or mortgagee would normally be expected to carry out have been or will be made by the Issuer. The Issuer will rely entirely on the benefit of the warranties given to it under the Mortgage Sale Agreement.

If there is an unremedied breach of any of the warranties given under the Mortgage Sale Agreement and such breach causes a material adverse effect on the value of that Loan (as determined by the Servicer), then the Issuer shall demand that the Seller purchase any Mortgage which is the subject of the relevant unremedied material breach for a consideration in cash equal to the Current Balance of the relevant Mortgage *plus* any Accrued Interest.

Underwriting

The Seller's underwriting approach is continually developed and enhanced. What follows is a general description of the Seller's approach to underwriting to date regarding the loans in the portfolio. You should be aware that the policies referred to below will not apply to all loans in the portfolio at all times and may be changed by the Seller acting as a Reasonable, Prudent Mortgage Lender.

The Seller currently adopts a system based approach to lending assessment. This assessment is made with reference to three independent components:

(a) Credit score: calculation of propensity to miss three mortgage payments in 36 months based on a combination of customer supplied and credit bureau data (updated score card implemented 30 April 2018);

(b) Affordability: calculation of the Bank's maximum loan amount that reflects the applicant's income net of tax, credit commitments, basic expenditure (which varies according to income, number of applicants and dependants), council tax, other significant expenditure declared by the customer and the stressed mortgage payment. The calculation conforms with MCOB regulation as detailed in section 11.6; and

(c) Policy rules: a range of automated and manually applied rules to decline applications outside lending criteria or to set limits on loans which fall within lending criteria.

The decision system returns a decision categorised into "accept", "refer" and "decline". For each decision type, the system also specifies the level of mandate status required. For "refer" applications, the applications are routed to Bank Underwriting for a decision.

All mortgage applications are subject to income verification and an assessment of the customer's ability to repay. The operational area that processes mortgage applications is responsible for the verification process based on a task based systems platform. Individuals involved in the verification process must adhere to standard operating procedures. This process is adopted for all system "accept" decisions. In addition based on a risk based approach, a proportion of applications are also subject to additional underwriting checks completed via the Bank underwriters who perform checks on overall plausibility of the application. Once all tasks have been satisfactorily completed a mortgage offer will be generated by the task-based system. For applications that are subject to a "refer" or a "decline" decision, Bank mandated underwriters are authorised to override applications, subject to detailed scrutiny of the customer's ability to repay. A senior risk management committee assesses the credit score levels for "accept", "refer" and "decline" and may adjust the "accept" and "refer" decisions to a "decline" to reflect changing market conditions. Mortgage underwriting decisions and lending mandates are subject to internal monitoring by the Seller to ensure the Seller's procedures and policies regarding underwriting are being followed by staff.

Lending Criteria

Each loan was originated in accordance with the Seller's lending criteria which were applicable at the time the loan was offered. The lending criteria in the case of each loan originated by the Seller and included in the portfolio as at the date of this base prospectus (are the same as, or substantially similar to the criteria described in this section. New loans may only be included in the portfolio if they are originated in accordance with the lending criteria and are compliant with the other conditions for sale as outlined in the mortgage sale agreement and summarised above under "*Summary of the Key Transaction Documents*". However, the Seller retains the right to revise its lending criteria from time to time, therefore, the criteria applicable to new loans may not be exactly the same as those currently included.

The following is a summary of the criteria (the "**Lending Criteria**") of The Co-operative Bank in relation to mortgage loans to be secured on properties located in England and Wales that were applied (subject to such deviation made in accordance with the standard of a Reasonable, Prudent Mortgage Lender) in respect of the Mortgages to be sold pursuant to the Mortgage Sale Agreement.

To obtain a loan, each prospective borrower completes an application form which includes information about the applicant's income, current employment details, current mortgage information, if any, and certain other personal information. The Seller completes a credit reference agency search in all cases against each applicant at their current address and, if necessary, former addresses, which gives details of public information including any county court judgements and bankruptcy details. Some of the factors currently used in making a lending decision are as follows:

1. Employment Details

   The Seller generally operates the following policy in respect of the verification of a prospective borrower's income details. Under this policy, the Seller categorises prospective borrowers as either "employed" or "self-employed". Proof of income for employed prospective borrowers applying for loans who rely on their standard or variable income (e.g. a bonus, overtime pay or commission) may typically be established by the Borrower's most

recent three monthly payslips or a longer series of income proof may be required to establish such variable pay over a period of time.

Proof of income for self-employed prospective borrowers may typically be established by:

- A signed accountant's certificate where the applicant has at least 2 full years' accounts. For certain large loan applications, final accounts may be required at underwriter discretion. The latest financial period must not be more than 18 months ago, at the time the case is approved.

- HMRC tax calculations for the last two years, the most recent of which must cover a tax year ended no more than 18 months ago, at the time the case is approved.

In addition, the customer's personal bank statement for the latest full month, showing the latest salary/income credit must be provided for both employed and self-employed applicants

2. Valuation

The Seller requires that a valuation of the property be obtained either from, an approved independent firm of professional valuers or an automated valuation model ("**AVM"**) supplied by an approved AVM provider. The valuer will provide a mortgage valuation report based on a full inspection only. Any valuation of the property is checked against a series of policy rules, as well as each physical valuation manually validated. If a referral is required, the valuation report is referred to an underwriter to determine what action is necessary to resolve the issue identified by the valuer, which may include further investigative reports to help support a final decision.

An AVM is used subject to business rules related to the property type, the LTV ratio, maximum and minimum property values and the AVM achieving an acceptable confidence level. Where a prospective borrower's loan application fails to meet the business rules for AVMs, the property will be valued by an approved independent firm of professional valuers

In addition to the valuation of new house purchase and properties for re-mortgage loan applications described above, further advances may also be subject to a valuation process, based on age of value and LTV.

All aspects of valuation policy and the business rules applied are reviewed periodically.

3. Property types

The Seller applies business rules related to property type, location, purpose/use of property and tenure to determine the eligibility of properties to serve as security for loans. The eligibility criteria for loans to be included in the portfolio is restricted to properties used as residential property for owner occupiers located throughout the England and Wales.

The following tenures are eligible: freehold and leasehold houses and leasehold flats. In the case of a loan secured by a leasehold property, the Seller requires that the unexpired term of the lease be at least 30 years from the end of the agreed loan term. These requirements have included an absolute minimum unexpired lease term of 70 years at the inception of the loan.

4. Security

Each Loan is secured by a first ranking legal mortgage (a "**Mortgage**") over a freehold or long leasehold residential property (usually at least 30 years longer than the mortgage term) in England or Wales (a "**Property**").

Only property of an acceptable standard of construction and intended for use wholly or partly as a principal place of residence or under an assured shorthold tenancy or short assured tenancy is acceptable.

Properties under ten years old will have the benefit of a NHBC or an architect's certificate or equivalent guarantee from an acceptable body.

The following types of building are deemed unacceptable as security:

(a) Freehold flats/maisonettes

(b) mobile homes

(c) houseboats;

(d) Properties with agricultural restrictions, smallholdings, farms or crofts;

(e) Property where a flying freehold exists affecting more than 15 per cent. of the whole;

(f) Shared Ownership properties;

(g) Any non residential usage;

(h) Tenanted/multi occupied/bed-sit type properties;

(i) Property with restrictions on eligibility for purchase, occupation or resale, e.g. retirement flats;

(j) Live/work units;

(k) Commonhold as a tenure type;

(l) Flats in blocks over 10 floors or 15 in central London;

(m) Prefabricated buildings and unrepaired PRC properties;

(n) Properties where the valuer has indicated that the property is suffering from progressive structural movement or movement which requires monitoring, or where this affects resale;

(o) Properties which do not obtain the highest pass rate following Mundic Concrete Block Screening Test;

(p) Properties which have hoop iron within their construction and these are not replaced or the property has not been rebuilt;

(q) Properties where there is an uncapped mining shaft which affects the security as advised by the valuer;

(r) Properties which have been built on contaminated land or where contaminated land is in close proximity and the valuer confirms that this will affect future resale;

Each Property offered as security will have been valued by either a qualified surveyor (RICS) chosen from a panel of valuation firms approved by The Co-operative Bank or by an automated valuation model under which the valuation of the relevant Property was undertaken using Hometrack Data Systems Limited's automated valuation model by The Co-operative Bank.

At the time of completion, the relevant Property must either have been insured under a block buildings policy in the name of The Co-operative Bank, or The Co-operative Bank must have been jointly insured with the Borrower under, or its interest noted on, a buildings policy relating to the relevant Property.

5. Loan Amount

No Mortgage may exceed a maximum principal amount of £2,000,000 (including Further Advances).

6. Loan to value

The loan to value ratio ("**LTV**") is calculated by expressing the initial principal amount advanced at completion of the Mortgage as a percentage of the lower of the purchase price and valuation of the Property.

The LTV of each Mortgage at the date of completion must be no more than 95 per cent. (excluding fees).

7. Term

Each Mortgage must have an initial term of between five and 40 years.

8. The Borrowers

(a) The Borrowers must have been at least 18 years of age prior to completion of the Loan.

(b) A maximum number of two Borrowers are allowed to be parties to the Mortgage.

(c) The Borrower's credit and employment history will have been assessed with the aid of one or more of the following:

(i) search supplied by a credit reference agency;

(ii) CAIS information;

(iii) confirmation of voters roll entries or proof of residency;

(iv) references from employers;

(v) accountant's certificate; or

(vi) references from current landlords and previous landlords.

9. Income

Income is determined by reference to the application form and supporting documentation, where appropriate, and may consist of: (i) salary plus additional regular remuneration for an employed Borrower or net profit plus any additional income confirmed by the accountant for a self employed Borrower (holding at least 25 per cent. of the issued share capital of the company), who is (except where the lender reasonably considers that the remuneration of the Borrower makes it appropriate to consider the Borrower as an employed Borrower), a partner in partnership, or a sole trader; (ii) pensions; (iii) investments; (iv) rental income; and (v) any other monies approved by an authorised official of the lender.

With the exception of certain allowable fees added to the aggregate balance of the Mortgage, the principal amount advanced will depend on the loan to value:

(a) where the loan to value is greater than 80 per cent., then the principal amount advanced will not exceed 4.49 times the assessed income of the joint Borrowers (from the 30 April 2017); and

(b) where the loan to value is equal to or less than 80 per cent., then the principal amount advanced will not exceed 4.85 times the assessed income of the joint Borrowers (from the 30 April 2017).

The affordability calculation, used in all cases, takes the applicants' gross incomes, including prescribed elements of additional and secondary incomes, credit commitments, other non-standard outgoings and an allowance for household costs to derive an affordable loan amount. Where there are two applicants, the Seller adds joint incomes together for the purpose of calculating the applicants' total income.

The Seller, through the Bank's Risk Directorate underwriting unit, may exercise discretion within its lending criteria in applying those factors that are used to determine the maximum amount an applicant can borrow. Accordingly, these parameters may vary for some mortgage loans. The Seller may take the following into account when applying discretion: credit score result, existing customer relationship, LTV, known changes in circumstances and total income needed to support the loan.

10. Credit History

(a) Credit Search

A credit search is carried out on all applicants. Applications may be declined where an adverse credit history (for example, county court judgment, default or bankruptcy notice) is revealed.

(b) Payment History

Subject to the credit score result, in some cases the Seller may seek to see the Borrower's mortgage statements. Any statements must satisfy the Seller that the account has been properly conducted and that no history of material arrears exists. The Seller may substitute the statements with the bureau record obtained as a result of the credit search.

11. Scorecard

The Seller uses an acquisition scorecard to produce an overall score for the application that reflects a quantitative measure of the credit risk of advancing the loan. The scorecard for the

broker led “Platform” channel was developed using a combination of Experian data and internal data. Lending policies and processes are determined centrally to ensure consistency in the management and monitoring of credit risk exposure. Credit scoring applies statistical analysis to credit reference agency bureau data and customer-provided data to assess the likelihood of a mortgage account going into arrears. (Updated score card implemented 30th April 2018)

The Seller reserves the right to decline an application that has achieved a passing score. It is the Seller’s policy to allow only mandated underwriters to exercise discretion in granting variances from the scorecard. The Seller does have an appeals process if an applicant believes that his/her application has been unfairly declined.

On a case-by-case basis, and within approved limits as detailed in the Seller’s lending criteria, the Seller acting as a prudent mortgage lender may have determined that, based upon compensating factors, a prospective borrower that did not strictly qualify under its lending criteria at that time warranted an underwriting exception. The Seller may take into account compensating factors including, but not limited to, a low LTV ratio, stable employment and time in residence at the applicant’s current residence.

The assessment of a borrower’s creditworthiness is conducted in accordance with the lending criteria and, where appropriate, shall meet the requirements set out in Article 8 of the Consumer Credit Directive or paragraphs 1 to 4, point (a) of paragraph 5, and paragraph 6 of Article 18 of the Mortgage Credit Directive.

Exceptions to the Lending Criteria

Exceptions to the Lending Criteria may only be made by Co-op mandate holders ("**Co-op Mandate Holders**"). Within their individual mandate, Co-op Mandate Holders may make any exception to the Lending Criteria **provided that** such exception is (i) in line with prudent mortgage lending in the non conforming market and (ii) documented on the case.

Changes to Lending Criteria

The Co-operative Bank may vary the Lending Criteria from time to time in the manner of a Reasonable, Prudent Mortgage Lender.

Any such changes over time have not affected the homogeneity (as determined in accordance with Article 20.8 of the Securitisation Regulation) of the loans comprising the Portfolio. Any material change to the Lending Criteria after the date of this Prospectus which would affect the homogeneity (as determined in accordance with Article 20.8 of the Securitisation Regulation) of the loans comprising the Portfolio or which would materially affect the overall credit risk or the expected average performance of the Portfolio will (to the extent such change affects the Loans included in the Portfolio from time to time) be disclosed (along with an explanation of the rationale for such changes being made) to investors by the Seller without undue delay.

In addition Noteholders should be aware that the Lending Criteria apply to all mortgage loans, including those originated by the Seller which are not included in the Provisional Portfolio. For further information on the Loans to be sold to the Issuer, Noteholders should review the warranties made by the Seller as set out in the section headed "*Summary of the Key Transaction Documents – Mortgage Sale Agreement*".

Solicitors

The firm of solicitors acting on behalf of the lender on the making of the Mortgage must be on the Seller's panel of solicitors. If the applicant wishes to use a solicitor not on the Seller's panel of solicitors panel then the lender will instruct one of the solicitors on the Seller's panel of solicitors panel to act for the lender at the applicant's expense.

Servicing of the Portfolio

The Servicer will be required from the Closing Date to service the Portfolio as an agent of the Issuer and (following the delivery of a Note Acceleration Notice) the Security Trustee under and in accordance with the terms of the Servicing Agreement. The duties of the Servicer will include among other things:

- operating the Accounts and ensuring that payments are made into and from the Accounts in accordance with the Servicing Agreement;
- notifying the Borrowers of any change in their monthly payments or in the premium payable on any buildings insurance policy;
- providing a redemption statement upon the request of a Borrower's solicitor or licensed conveyancer;
- taking all reasonable steps to recover all sums due to the Issuer, including, without limitation, by the institution of proceedings and/or the enforcement of any Mortgage or any related security;
- taking all action and doing all things which it would be reasonable to expect a Reasonable, Prudent Mortgage Lender to do in administering its mortgages;
- make all filings, give all notices and make all registrations and other notifications required in the day to day operation of the business of the Issuer;
- arranging for all payments due to be made by the Issuer under any of the Transaction Documents to be made;
- keeping general books of account and records of the Issuer, provide accounting services including reviewing receipts and payments, supervising and assisting in the preparation of interim statements and final accounts and supervising and assisting in the preparation of tax returns; and
- paying on behalf of the Issuer all the out of pocket expenses of the Servicer incurred in the performance of the Servicer's duties under the Servicing Agreement.

The Servicer may transfer certain services including re-transfer to The Co-operative Bank of the servicing of certain Loans from time to time where the Borrower under such Loan is or becomes vulnerable or where the situation otherwise merits sensitive handling. However, the Servicer remains liable at all times for servicing the Loans and their Related Security and for the acts or omissions of any transferee.

Enforcement Procedures

The Servicer has established procedures for managing loans which are in arrears, including early contact with the Borrowers in order to find a solution to any financial difficulties they may be experiencing. The procedures permit discretion to be exercised by the appropriate officer of the Servicer in many circumstances. These procedures, as from time to time varied in accordance with the

practice of a Reasonable, Prudent Mortgage Lender or with the consent of, *inter alia,* the Issuer and the Security Trustee, are required to be used by the Servicer in respect of arrears arising on the Mortgages. In some cases, the Servicer may transfer its duties in respect of certain Loans to the Seller where the Borrower under such Loan is vulnerable or where the situation otherwise merits sensitive handling.

Loans

In order to realise its security in respect of a Property, the relevant mortgagee (be it the legal owner, the beneficial owner, the Security Trustee or its appointee (if the Security Trustee has taken enforcement action against the Issuer)) will need to obtain possession.

If a mortgagee takes physical possession it will, as mortgagee in possession, have an obligation to account to the Borrower for the income obtained from the Property, be liable for any damage to the Property, have a limited liability to repair the Property and, in certain circumstances, may be obliged to make improvements.

Actions for possession are regulated by statute and the courts have certain powers to adjourn possession proceedings, to stay any possession order or postpone the date for delivery of possession. The court will exercise such powers in favour of a Borrower, broadly, where it appears to the court that such Borrower is likely to be able, within a reasonable period, to pay any sums due under the loan or to remedy any default consisting of a breach of any other obligation arising under or by virtue of the loan and/or mortgage.

The court has a very wide discretion and may adopt a sympathetic attitude towards a Borrower faced with eviction. If a possession order in favour of the relevant mortgagee is granted, it may be suspended to allow the Borrower more time to pay. Once possession of the Property has been obtained, the relevant mortgagee has a duty to the Borrower to take reasonable care to obtain a proper price for the Property. Any failure to do so will put the relevant mortgagee at risk of an action for breach of such duty by the Borrower, although it is for the Borrower to prove breach of such duty.

Further Advances

If a Borrower wishes to take out a further loan secured by the same mortgage 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 is expressed to cover all amounts due under the relevant loan which would cover any further advances.

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, then the Issuer must purchase the Further Advance on the Advance Date and pay the Further Advance Purchase Price on the Monthly Pool Date immediately following the Monthly Period in which the Advance Date took place. Such Further Advance Purchase Price will be paid out of amounts standing to the credit of the Principal Receipts Ledger or, to the extent that the Issuer does not have sufficient funds from amounts standing to the credit of the Principal Receipts Ledger (prior to the VFN Commitment Termination Date) from a drawing under the Class B VFN to fund the purchase of such Further Advance.

Product Switches

From time to time, the 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 may be required to repurchase the Loan or Loans and their Related Security from the Issuer.

Restructuring and forbearance

Debt restructuring, forgiveness and forbearance are defined in accordance with the Servicer's servicing policies and procedures. The Seller offers a range of forbearance options to support customers in or facing financial difficulty based on their individual circumstances, including:

(a) a payment plan to pay more than the standard instalment to clear the payment shortfall over an agreed period of time based on affordability

(b) a payment plan to continue paying the standard instalment only with no contribution to any payment shortfall for an agreed period of time

(c) a change to the date on which payments are due, provided payments are made within the same payment period

(d) a change to the method by which payment is made

(e) an extension to the term of the mortgage

(f) a temporary change to the repayment type of the mortgage

(g) a managed sale of the underlying property

(h) use of any government forbearance initiatives in which the Seller participates.

Payment plans are reviewed regularly with Borrowers, and the Seller 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.

Capitalising Arrears

In certain infrequent circumstances following the accrual of Arrears on a Loan, the relevant Borrower may "opt in" to capitalise such Arrears. "Capitalisation" is one of the longer term solutions available to manage Arrears, and it involves "zero-ising" the balance of Arrears and allowing that amount to be cleared over the remaining term of the Loan.

The Servicer shall assess and service any Capitalisation in accordance with the capitalisation policy section of the Seller's Policy as it applies to the relevant Loans from time to time.

"**Arrears**" means as at any date in respect of any Loan, all amounts currently due and payable on that Loan which remain unpaid on that date.

"**in Arrears**" means, in respect of a Mortgage Account when on any date any amounts currently due and payable on that Loan remain unpaid on that date.

Arrears policy

Arrears cases are managed by Operational Arrears Management which is an outrsourced service supplied to the Bank by Capita Asset Services. As the Seller is a credit institution it is a PRA authorised and FCA regulated mortgage lender, the Seller's lending and arrears policies are required to comply with MCOB and CONC.

Delinquency and default of debtors, losses, charge offs, recoveries and other asset performance remedies are defined in accordance with the Servicer's servicing policies and procedures. A pre-arrears strategy is also in place and a loan is deemed to be in arrears when at any time more than two monthly payments (inclusive of insurance premiums) is outstanding. A loan is in default when more than three monthly payments are outstanding.

The high level management process for mortgage accounts in arrears is split into four sections:

1. Collections

   Collections focus on front end cases, typically less than three months in arrears. The objective of collections is to contact the Borrower and remedy the underpayment as soon as possible via mutual agreement, which is intended to be a sustainable and affordable solution for the Borrower. Borrowers are contacted by telephone and letter according to a strategy. Borrowers may also receive a home visit.

   Potential remedies include arrangement, concession, capitalisation and extended term. Cases are segmented in order of priority by taking various factors into consideration including previous arrears history. Collections performance is monitored by input and output key performance indicators that are reviewed by the mortgage executive and credit committees.

   Cases that are more than three months in arrears are initially considered to be in a pre-litigation phase and managed by the collections team with the objective of reaching a mutual agreement with the Borrower, or alternatively preparing the case for litigation action (and to be managed by the Litigation team). Potential remedies for such loans include arrangement, concession, capitalisation, extended term, assisted sale and ultimately litigation.

2. Litigation

   Where there are no sustainable forbearance options or where the Seller is otherwise unable to reach mutual agreement with a Borrower in default, the Seller may elect to commence legal proceedings for possession of the property. Defined litigation criteria (which includes months in arrears and any record of broken arrangements) exist and where these are triggered, cases are referred to the litigation business area. A pre-litigation team again attempts to rehabilitate cases but if this is unsuccessful, litigation is instigated. For all jurisdictions litigation is managed by a panel of external solicitors. The objective of litigation is to achieve an order for possession at hearing. Litigation will follow the breakdown of the Borrower's commitment to pay and where negotiation with the Borrower either via telephone, letter or in person has failed to obtain payment. Where litigation is necessary the aim is to obtain a court order, however, possession is the last resort.

3. Possession Sales

   Following the enforcement of a court order for possession, the voluntary surrender of the property or a property being abandoned by the Borrower the administration of the property sale is handed to the possession sales area. The focus post possession is to maximise the sale price versus the valuation obtained at possession and the speed of sale to ensure the property is marketed appropriately. The role of securing and marketing the property is outsourced to panels of asset managers who in turn instruct property maintenance companies and estate agents, conveyancing and building insurance are also outsourced, arranged by the possession sales team.

4. Shortfall Recoveries

If a shortfall is crystallised on the sale of the property, a reactive shortfall recoveries shortfall process is in place, consideration is currently being determined to implement a proactive recoveries strategy or debt sale. The Seller will inform the Borrower of the amount of the mortgage shortfall debt as soon as possible and, where relevant, the decision to recover the debt. This notification will take place within six years from the date of sale of the property. In general the Seller aims to grant the Borrower a reasonable amount of time to re-establish their financial situation before pursuing payment of a mortgage shortfall debt.

Insurance Policies

Buildings Insurance

Buildings insurance or building and contents insurance is arranged by the relevant Borrower selecting an insurer and arranging cover accordingly (a "**Third Party Buildings Policy**").

In respect of the Mortgages to be sold by the Seller pursuant to the Mortgage Sale Agreement, the Seller will warrant to the Issuer that each Property was, as at the date of completion of the relevant Loan, insured under a Third Party Buildings Policy with a reputable insurance company against all risks usually covered by a Reasonable, Prudent Mortgage Lender advancing money on the security of residential property to an amount not less than the full reinstatement cost.

Title Insurance Policies

The Seller has the benefit of a title insurance policy (the "**Title Insurance Policy**") issued by London & European Title Insurance Services Limited in respect of any loss arising from the existence of any adverse matter which would have been revealed had the Seller instructed a solicitor to conduct a search or other procedure against the title to the relevant Property.

"**Insurance Policies**" means with respect to the Mortgages, the Title Insurance Policy (which are in favour of the Seller), and any other insurance contracts in replacement, addition or substitution thereof from time to time which relates to the Loans and "Insurance Policy" means any one of them.

Selection of the Portfolio

The Loans in the Provisional Portfolio were initially selected from the mortgage loans in the Seller's mortgage book which met the warranties set out in "*Summary of the Key Transaction Documents – Title to the Mortgages, registration and notifications – Representations and Warranties in the Mortgage Sale Agreement*" and subsequently such initial pool was further reduced using a random selection process.

The Loans in the Provisional 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 the Seller.

CHARACTERISTICS OF THE PROVISIONAL PORTFOLIO

The statistical and other information contained in this Prospectus has been compiled by reference to certain Loans in portfolios owned by the Seller as at the Portfolio Reference Date (the "**Provisional Portfolio**"). The Provisional Portfolio as at the Portfolio Reference Date consisted of 6,093 Loans originated by The Co-operative Bank, secured over properties located in England and Wales. The Current Balance of the Provisional Portfolio on the Portfolio Reference Date was £1,005,356,282. The Portfolio that will be sold to the Issuer on the Closing Date (the "**Closing Date Portfolio**") will be randomly selected from the Provisional Portfolio on the Closing Date Portfolio Selection Date.

The characteristics of the Closing Date Portfolio will differ from that set out below as a result of, *inter alia*, the random selection from the Provisional Portfolio, repayments and redemptions of the Loans from the Portfolio Reference Date to the Closing Date Portfolio Selection Date, removal of any Loans which do not comply with the Loan Warranties as at the Closing Date Portfolio Selection Date. If a Loan selected for the Closing Date Portfolio is repaid in full between the Closing Date Portfolio Selection Date and the Closing Date, the principal recoveries from that Loan will form part of Available Principal Receipts. Except as otherwise indicated, these tables have been prepared using the Current Balance as at the Portfolio Reference Date for the Loans in the Provisional Portfolio.

Further information in respect of individual loan level data is referenced on the following website: https://www.co-operativebank.co.uk/investorrelations/debtinvestors/silkroadfinancermbs and on the website of European DataWarehouse, https://editor.eurodw.eu/home. For the avoidance of doubt, this 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, cashflow models, commentary and other materials). Such third party websites and the contents thereof do not form part of this Prospectus.

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

"**Owner Occupied Loan**" means any Loan in the Portfolio which is not a buy to let loan. Columns in the tables below may not add up to 100 per cent. due to rounding.

SUMMARY STATISTICS

Portfolio Reference Date	30-Apr-19
Total Current Balance (£)	1,005,356,282
Number of Mortgage Accounts	6,093
Number of Loans	10,081
Average Mortgage Account Current Balance (£)	165,002
Weighted average original LTV (%)	72.56%
Weighted average current LTV (non-indexed) (%)	70.96%
Weighted average indexed current LTV (%)*	70.50%
Weighted average current interest rate (%)	2.01%
Weighted average seasoning (Years)	0.78
Weighted average remaining term (Years)	24.93

* Based on the valuation at the time of latest loan advance indexed using Halifax 2018 Q4 Non-Seasonally Adjusted Regional House Price Indices

Current Interest Rate Type

Product Interest Rate Type	Current Balance (£)	Current Balance (%)	Number of Loans	Number of Loans (%)
Fixed	1,003,321,990	99.80%	6068	99.59
Discount	723,372	0.07	5	0.08
Base Rate Tracker	33,640	0.00	2	0.03
SVR	1,277,280	0.13	18	0.30
Total:	**1,005,356,282**	**100.00**	**6,093**	**100.00**

Current Balances as at the Portfolio Reference Date

The following table shows the range of Mortgage Account current balances as at the Portfolio Reference Date.

Range of Current Balances	Current Balance (£)	Current Balance (%)	Number of Mortgage Accounts	Number of Mortgage Accounts (%)
0.00 to 49,999.99	10,369,653	1.03	268	4.40
50,000.00 to 99,999.99	109,773,548	10.92	1401	22.99
100,000.00 to 149,999.99	214,129,972	21.30	1709	28.05
150,000.00 to 199,999.99	193,733,280	19.27	1120	18.38
200,000.00 to 249,999.99	142,759,983	14.20	641	10.52
250,000.00 to 299,999.99	104,210,597	10.37	383	6.29
300,000.00 to 349,999.99	72,246,316	7.19	223	3.66
350,000.00 to 399,999.99	48,969,125	4.87	131	2.15
400,000.00 to 449,999.99	33,637,419	3.35	79	1.30
450,000.00 to 499,999.99	28,749,335	2.86	61	1.00
500,000.00 >=	46,777,055	4.65	77	1.26
Total:	**1,005,356,282**	**100.00**	**6,093**	**100.00**

The maximum, minimum and average Current Balance of the Loans as of the Portfolio Reference Date is: £970,592; £15,062 and £165,002 respectively.

Months in Arrears

The following table shows the number of months in arrears for the Mortgage Accounts as at the Portfolio Reference Date calculated as the aggregate of all arrears balances on a Mortgage Account divided by the aggregate of the monthly subscription amounts on a Mortgage Account.

Arrears Months	Current Balance (£)	Current Balance (%)	Number of Mortgage Accounts	Number of Mortgage Accounts (%)
0	1,005,356,282	100.00	6,093	100.00
Total:	**1,005,356,282**	**100.00**	**6,093**	**100.00**

Current Interest Rates

Current Interest Rate (%)	Current Balance (£)	Current Balance (%)	Number of Loans	Number of Loans (%)

to 1.99	528,074,306	52.53	2,696	44.25
2.00 to 2.99	464,241,710	46.18	3307	54.28
3.00 to 3.99	11,762,986	1.17	72	1.18
4.00 to 4.99	1,277,280	0.13	18	0.30
>= 5.00	0	0.00	0	0.00
Total	**1,005,356,282**	**100.00**	**6,093**	**100.00**

The maximum, minimum and weighted average current interest rates of the Loans as of the Portfolio Reference Date is 4.99 per cent., 1.29 per cent. and 2.01 per cent. respectively.

Loan to Value Ratios at Origination

The calculation for the first column below takes the earliest origination date on the property and aggregates the original advance amounts of any current loan parts which have an origination date equal to the earliest origination. This figure is then divided by the original valuation amount. The remaining columns show, by reference to the Portfolio Reference Date, for each of the original LTV ranges (i) the Current Balances and proportions of the Current Balances of the Loans, and (ii) the number of mortgage accounts and proportion of mortgage accounts.

Range of LTV Ratios at Origination (%)	Current Balance (£)	Current Balance (%)	Number of Mortgage Accounts	Number of Mortgage Accounts (%)
<= 50.00	108,812,920	10.82	1,070	17.56
50.01 to 55.00	32,544,254	3.24	244	4.00
55.01 to 60.00	51,162,193	5.09	343	5.63
60.01 to 65.00	57,743,873	5.74	377	6.19
65.01 to 70.00	94,388,375	9.39	526	8.63
70.01 to 75.00	129,872,274	12.92	731	12.00
75.01 to 80.00	150,973,934	15.02	814	13.36
80.01 to 85.00	184,379,342	18.34	915	15.02
85.01 to 90.00	184,883,429	18.39	1,010	16.58
90.01 to 95.00	10,595,688	1.05	63	1.03
Total:	**1,005,356,282**	**100.00**	**6,093**	**100.00**

The maximum, minimum and weighted average Loan to Value Ratio as at the Portfolio Reference Date of the Loans in the Portfolio is 95.00 per cent, 3.68 per cent. and 72.56 per cent. respectively.

Current Indexed Loan to Value Ratios

The following table shows the range of Current Indexed Loan to Value Ratios, which are calculated by dividing the Current Balance of a Mortgage Account as at the Portfolio Reference Date by the indexed valuation, where the indexed valuation is based on the valuation at the time of the latest loan advance indexed using Halifax 2018 Q4 Non-Seasonally Adjusted Regional House Price Indices.

Range of Current Indexed LTV Ratios (%)	Current Balance (£)	Current Balance (%)	Number of Mortgage Accounts	Number of Mortgage Accounts (%)
<= 50.00	123,405,884	12.27	1,180	19.37
50.01 to 55.00	40,875,710	4.07	274	4.50
55.01 to 60.00	55,458,339	5.52	361	5.92
60.01 to 65.00	76,811,825	7.64	456	7.48
65.01 to 70.00	104,255,587	10.37	572	9.39
70.01 to 75.00	129,531,313	12.88	709	11.64
75.01 to 80.00	138,177,155	13.74	739	12.13
80.01 to 85.00	151,368,794	15.06	795	13.05
85.01 to 90.00	118,737,490	11.81	652	10.70
90.01 to 95.00	61,672,428	6.13	324	5.32

>95.00	5,061,759	0.50	31	0.51
Totals	**1,005,356,282**	**100.00**	**6,093**	**100.00**

Based on original valuation indexed using Halifax2018 Q4 Non-Seasonally Adjusted Regional House Price Indices.

The maximum, minimum and weighted average current indexed Loan to Value Ratio as at the Portfolio Reference Date of all the Loans is 99.43 per cent, 2.96 per cent. and 70.50 per cent. respectively.

Current Non-Indexed Loan to Value Ratios

The following table shows the range of Current Non-Indexed Loan to Value Ratios, which are calculated by dividing the Current Balance of a Mortgage Account as at the Portfolio Reference Date by the non-indexed valuation at the time of the latest loan advance.

Range of Current Indexed LTV Ratios (%)	Current Balance (£)	Current Balance (%)	Number of Mortgage Accounts	Number of Mortgage Accounts (%)
<= 50.00	119,278,893	11.86	1,163	19.09
50.01 to 55.00	37,883,841	3.77	266	4.37
55.01 to 60.00	55,114,530	5.48	360	5.91
60.01 to 65.00	67,680,023	6.73	421	6.91
65.01 to 70.00	98,763,509	9.82	553	9.08
70.01 to 75.00	119,501,728	11.89	670	11.00
75.01 to 80.00	161,391,640	16.05	856	14.05
80.01 to 85.00	160,311,426	15.95	795	13.05
85.01 to 90.00	174,610,570	17.37	944	15.49
90.01 to 95.00	8,435,808	0.84	49	0.80
>95.00	2,384,315	0.24	16	0.26
Totals	**1,005,356,282**	**100.00**	**6,093**	**100.00**

Based on original valuation indexed using Halifax 2018 Q4 Non-Seasonally Adjusted Regional House Price Indices.

The maximum, minimum and weighted average current Loan to Value Ratio as at the Portfolio Reference Date of all the Loans is 95.17 per cent, 2.98 per cent. and 70.96 per cent. respectively.

Geographical Distribution

Region	Current Balance (£)	Current Balance (%)	Number of Mortgage Accounts	Number of Mortgage Accounts (%)
East Anglia	89,719,725	8.92	677	11.11
East Midlands	61,628,341	6.13	391	6.42
Greater London	89,636,566	8.92	269	4.41
North	39,664,892	3.95	341	5.60
North West	116,841,598	11.62	882	14.48
South East	292,642,672	29.11	1,306	21.43
South West	86,231,724	8.58	517	8.49
Wales	37,194,633	3.70	305	5.01
West Midlands	83,354,477	8.29	592	9.72
Yorkshire Humber	108,441,655	10.79	813	13.34
Totals	**1,005,356,282**	**100.00**	**6,093**	**100.00**

Seasoning of Loans

The following table shows the number of years since the date of origination of the Loans.

Seasoning (years)	Current Balance as (£)	Current Balance (%)	Number of Loans	Number of Loans (%)
0.00 to 0.99	736,723,982	73.28	4,585	75.25
1.00 to 1.99	250,856,061	24.95	1406	23.08
2.00 to 2.99	16,406,806	1.63	92	1.51
3.00 to 3.99	1,369,433	0.14	10	0.16
4.00 to 4.99	0	0.00	0	0.00
Totals	**1,005,356,282**	**100.00**	**6,093**	**100.00**

The maximum, minimum and weighted average seasoning of Loans in the Portfolio as at the Portfolio Reference Date is 3.16, 0.05 and 0.78 years, respectively.

Remaining Term

The following table shows the number of remaining years of the term of the Loans as at the Portfolio Reference Date and are calculated with respect to the Final Maturity Date.

Years to Maturity	Current Balance (£)	Current Balance (%)	Number of Loans	Number of Loans (%)
0.00 to 4.99	898,480	0.09	20	0.33
5.00 to 9.99	21,737,394	2.16	326	5.35
10.00 to 14.99	67,596,124	6.72	649	10.65
15.00 to 19.99	149,953,310	14.92	1070	17.56
20.00 to 24.99	303,154,032	30.15	1684	27.64
25.00 to 29.99	235,693,903	23.44	1220	20.02
30.00 to 34.99	190,525,953	18.95	941	15.44
35.00 to 39.99	35,797,088	3.56	183	3.00
Totals	**1,005,356,282**	**100.00**	**6,093**	**100.00**

The remaining term of the Loans in the Portfolio as at the Portfolio Reference Date is anywhere between 3.91 years and 39.81 years and the weighted average remaining term is 24.93 years.

Purpose of Loan

Use of Proceeds	Current Balance (£)	Current Balance as (%)	Number of Loans	Number of Loans (%)
Purchase	476,852,400	47.43	2,543	41.74
Remortgage	356,455,738	35.46	2,479	40.69
Equity realease	570,105	0.06	14	0.23
Remortgage with Equity Release	171,478,039	17.06	1057	17.35
Totals	**1,005,356,282**	**100.00**	**6,093**	**100.00**

Reversion Date (Fixed Rate Mortgages)

The following table shows the year of reversion, for the Fixed Rate Mortgages only.

	Current Balance as (£)	Current Balance as (%)	Number of Loans	Number of Loans (%)
2020	382,379,526	38.11	2,236	36.85

2021	117,565,218	11.72	778	12.82
2022	52,623,247	5.24	290	4.78
2023	350,760,590	34.96	2,132	35.14
2024	99,993,410	9.97	632	10.42
Totals	**1,003,321,990**	**100.00**	**6,068**	**100.00**

Reversion Index (Fixed Rate Mortgages)

The following table shows the type of interest rate the Loans revert to, for the Fixed Rate Mortgages only.

	Current Balance as (£)	**Current Balance as** (%)	**Number of Loans**	**Number of Loans (%)**
SVR	1,003,321,990	100.00	6,068	100.00
Totals	**1,003,321,990**	**100.00**	**6,068**	**100.00**

Repayment Type

	Current Balance as (£)	Current Balance as (%)	Number of Loans	Number of Loans (%)
Capital and Interest	1,005,356,282	100.00	6,093	100.00
Totals	**1,005,356,282**	**100.00**	**6,093**	**100.00**

Property Type

Tenure	Current Balance as (£)	Current Balance as (%)	Number of Mortgage Accounts	Number of Mortgage Accounts (%)
House, detached or semi-detached	593,788,683	59.06	3,471	56.97
Flat/Apartment	105,717,688	10.52	592	9.72
Bungalow	36,038,405	3.58	227	3.73
Terraced House	269,811,507	26.84	1,803	29.59
Total:	**1,005,356,282**	**100.00**	**6,093**	**100.00**

Verification of data

Co-op has caused the data set out in this section to be externally verified by an appropriate and independent third party.

The Provisional Portfolio has been subject to an agreed upon procedures review on a sample of loans selected from the Provisional Portfolio conducted by a third-party and completed on or about 30 April 2019 with respect to the Provisional Portfolio in existence as of 30 April 2019. No adverse findings arose from such review. This independent third party has also performed agreed upon procedures in order to verify that the stratification tables disclosed in respect of the underlying exposures are accurate. The third party undertaking the review only has obligations to the parties to the engagement letters governing the performance of the agreed upon procedures subject to the limitations and exclusions contained therein. The independent third party concluded that there were there no adverse findings following its review of the Provisional Portfolio and the stratification tables.

Co-op does not collect information relating to the environmental performance of the Loans in the Portfolio.

Information in relation to Loans originated by Co-op

Static and dynamic historical performance data in relation to loans originated by the Originator was made available prior to pricing on the website of European DataWarehouse at https://editor.eurodw.eu/home. Such information will cover the period from 2009 to 2018. The loans which are included in such data are originated under and serviced in accordance with the same policies and procedures as the loans comprising the Portfolio and, as such, it is expected that the performance of such loans, over a period of four years, would not be significantly different to the performance of the loans in the Portfolio.

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. The final terms for each issuance of notes will contain information updating such tables together with other information regarding the characteristics of the United Kingdom mortgage market.

Industry CPR rates

In the following tables, quarterly industry constant repayment rate (**industry CPR**) data was calculated by dividing the amount of scheduled and unscheduled repayments of mortgages made by Monetary and Financial Institutions(banks and building societies) (**MFIs**) in a quarter by the quarterly balance of mortgages outstanding for MFIs in the United Kingdom in the previous quarter. 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	14.10%	16.50%	March 2010	11.52%	12.75%
June 2000	15.92%	16.34%	June 2010	11.05%	12.18%
September 2000	16.50%	15.89%	September 2010	11.51%	11.70%
December 2000	16.39%	15.73%	December 2010	11.41%	11.37%
March 2001	15.95%	16.19%	March 2011	10.41%	11.09%
June 2001	19.03%	16.97%	June 2011	11.02%	11.09%
September 2001	21.12%	18.12%	September 2011	12.42%	11.31%
December 2001	20.92%	19.25%	December 2011	11.87%	11.43%
March 2002	19.58%	20.16%	March 2012	11.01%	11.58%
June 2002	22.18%	20.95%	June 2012	11.38%	11.67%
September 2002	24.90%	21.90%	September 2012	11.58%	11.46%
December 2002	24.04%	22.68%	December 2012	11.84%	11.45%
March 2003	22.01%	23.28%	March 2013	11.37%	11.54%
June 2003	23.55%	23.63%	June 2013	13.03%	11.96%

Quarter	Industry CPR rate for the quarter (%)	12-month rolling average (%)	Quarter	Industry CPR rate for the quarter (%)	12-month rolling average (%)
September 2003	25.38%	23.75%	September 2013	14.72%	12.74%
December 2003	26.17%	24.28%	December 2013	15.05%	13.54%
March 2004	22.15%	24.31%	March 2014	13.59%	14.10%
June 2004	24.04%	24.43%	June 2014	14.29%	14.41%
September 2004	25.08%	24.36%	September 2014	15.26%	14.55%
December 2004	21.81%	23.27%	December 2014	14.31%	14.36%
March 2005	18.43%	22.34%	March 2015	13.04%	14.23%
June 2005	22.14%	21.87%	June 2015	14.08%	14.17%
September 2005	25.56%	21.99%	September 2015	15.35%	14.19%
December 2005	25.77%	22.97%	December 2015	15.63%	14.52%
March 2006	22.86%	24.08%	March 2016	15.25%	15.08%
June 2006	24.59%	24.69%	June 2016	15.28%	15.38%
September 2006	26.31%	24.88%	September 2016	16.01%	15.54%
December 2006	25.99%	24.94%	December 2016	15.46%	15.50%
March 2007	24.70%	25.40%	March 2017	14.92%	15.42%
June 2007	25.77%	25.69%	June 2017	14.97%	15.34%
September 2007	26.66%	25.78%	September 2017	16.23%	15.40%
December 2007	24.61%	25.44%	December 2017	16.50%	15.66%
March 2008	20.69%	24.43%	March 2018	15.15%	15.71%
June 2008	21.71%	23.42%	June 2018	15.44%	15.83%
September 2008	20.42%	21.86%	September 2018	16.89%	16.00%
December 2008	15.29%	19.53%	December 2018	16.67%	16.04%
March 2009	13.56%	17.74%	-	-	-
June 2009	13.31%	15.64%	-	-	-

Quarter	Industry CPR rate for the quarter (%)	12-month rolling average (%)	Quarter	Industry CPR rate for the quarter (%)	12-month rolling average (%)
September 2009	13.43%	13.90%	-	-	-
December 2009	12.72%	13.26%	-	-	-

Source: UK Finance

The issuer confirms that the CPR table above has been accurately reproduced and that, so far as it is aware and is able to ascertain from information published byUK Finance, no facts have been omitted which would render the reproduced information inaccurate or misleading.

Repossession rate

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

Year	Repossessions (%)	Year	Repossessions (%)	Year	Repossessions (%)
١٩٨٥	٠.٢٥	١٩٩٧	٠.٣١	2009	0.43
١٩٨٦	0.30	١٩٩٨	٠.٣١	2010	0.34
١٩٨٧	٠.٣٢	١٩٩٩	0.27	2011	0.33
١٩٨٨	٠.٢٢	٢٠٠٠	0.20	2012	0.30
١٩٨٩	٠.١٧	٢٠٠١	0.16	2013	0.26
١٩٩٠	٠.٤٧	2002	0.11	2014	0.19
١٩٩١	٠.٧٧	2003	0.07	2015	0.09
١٩٩٢	٠.٦٩	٢٠٠٤	0.07	2016	0.07
١٩٩٣	٠.٥٨	٢٠٠٥	0.12	2017	0.07
1994	0.47	٢٠٠٦	0.18	2018	0.06
١٩٩٥	٠.٤٧	٢٠٠٧	0.22	-	-
١٩٩٦	٠.٤٠	2008	0.34	-	-

Source: UK Finance

The above repossession rates have been reproduced from information published by UK Finance. The issuer confirms that the above repossession rates has been accurately reproduced and that, so far as it is aware and is able to ascertain from information published byUK Finance, no facts have been omitted which would render the reproduced information inaccurate or misleading.

House price to earnings ratio

The following table shows the ratio for each year of the average annual value of houses compared to the average annual salary in the United Kingdom. The average annual earnings figures are constructed using the CML's earnings survey figures referring to weekly earnings in April of each year for those maleemployees whose earnings were not affected by their absence from work. While this is a good indication of house affordability, it does not take into account the fact that the majority of households have more than one income to support a mortgage loan.

Year	House Price to Earnings Ratio	Year	House Price to Earnings Ratio
1994	4.57	2006	8.09
1995	4.39	2007	8.47
1996	4.35	2008	7.81
1997	4.48	2009	7.13
1998	4.63	2010	7.37
1999	4.94	2011	7.09
2000	5.51	2012	7.03
2001	5.66	2013	7.13
2002	6.37	2014	7.61
2003	7.14	2015	7.89
2004	7.66	2016	8.24
2005	7.86	2017	8.41

Source: UK Finance

House price index

UK residential property prices, as measured by the Nationwide House Price Index, have generally followed the UK Retail Price Index over an extended period.

The UK housing market has been through various economic cycles in the recent past, with large year-to-year increases in the Nationwide House Price Index occurring in the late١٩٨٠s and large decreases occurring in the early١٩٩٠ s and from٢٠٠٧ to٢٠١٣.

	Retail Price Index		Nationwide House Price Index	
Quarter	**Index**	**% Annual Change**	**Index**	**% Annual Change**
December 2005	193.7	2.4	314.0	3.2
March 2006	194.2	2.4	319.8	4.9
June 2006	197.6	3.0	329.2	4.8
September 2006	199.3	3.5	336.1	6.9
December 2006	201.4	4.0	343.2	9.3
March 2007	203.0	4.5	350.2	9.5
June 2007	206.3	4.4	362.7	10.2
September 2007	207.1	3.9	367.3	9.3
December 2007	209.8	4.2	367.0	6.9
March 2008	211.1	4.0	357.8	2.2
June 2008	215.3	4.4	348.1	-4.0

	Retail Price Index		Nationwide House Price Index	
Quarter	**Index**	**% Annual Change**	**Index**	**% Annual Change**
September 2008	217.4	5.0	329.5	-10.3
December 2008	215.5	2.7	312.9	-14.7
March 2009	210.9	-0.1	298.7	-16.5
June 2009	212.6	-1.3	307.3	-11.7
September 2009	214.4	-1.4	319.5	-3.0
December 2009	216.9	0.6	323.4	3.4
March 2010	219.3	4.0	324.9	8.8
June 2010	223.5	5.1	336.6	9.5
September 2010	224.5	4.7	333.9	4.5
December 2010	227.0	4.7	325.1	0.5
March 2011	230.9	5.3	323.9	-0.3
June 2011	234.9	5.1	332.7	-1.2
September 2011	236.2	5.2	332.3	-0.5
December 2011	238.6	5.1	328.7	1.1
March 2012	239.6	3.8	324.6	0.2
June 2012	242.2	3.1	329.1	-1.1
September 2012	243.1	2.9	327.0	-1.6
December 2012	246.0	3.1	325.0	-1.1
March 2013	247.4	3.3	325.3	0.2
June 2013	249.7	3.1	333.7	1.4
September 2013	250.9	3.2	341.0	4.3
December 2013	252.5	2.6	348.0	7.1
March 2014	253.9	2.6	355.3	9.2
June 2014	256.0	2.5	372.1	11.5
September 2014	256.9	2.4	376.7	10.5

	Retail Price Index		Nationwide House Price Index	
Quarter	**Index**	**% Annual Change**	**Index**	**% Annual Change**
December 2014	257.4	1.9	377.0	8.3
March 2015	256.4	1.0	376.2	5.9
June 2015	258.5	1.0	387.5	4.1
September 2015	259.3	0.9	390.5	3.7
December 2015	260.0	1.0	393.1	4.3
March 2016	260.0	1.4	396.1	5.3
June 2016	262.2	1.4	407.4	5.1
September 2016	264.2	1.9	411.6	5.4
December 2016	265.8	2.2	410.8	4.5
March 2017	267.7	3.0	412.3	4.1
June 2017	271.5	3.5	418.9	2.8
September 2017	274.2	3.8	422.3	2.6
December 2017	276.4	4.0	421.8	2.7
March 2018	277.5	3.7	422.5	2.5
June 2018	280.6	3.4	428.1	2.2
September 2018	283.3	3.3	431.1	2.1
December 2018	284.9	3.1	427.3	1.3
March 2019	284.4	2.5	424.3	0.4

Source: Office for National Statistics and Nationwide

The percentage annual change in the table above is calculated in accordance with the following formula: x/y - 1 where **x** is equal to the current quarter's index value and **y** is equal to the index value of the previous year's corresponding quarter.

All information contained in this base prospectus in respect of the Nationwide House Price Index has been reproduced from information published by Nationwide. All information contained in this base prospectus in respect of the UK Retail Price Index has been reproduced from information published by the Office for National Statistics. The issuer confirms that all information in this base prospectus in respect of the Nationwide House Price Index and the UK Retail Price Index has been accurately reproduced and that, so far as it is aware and is able to ascertain from information published by Nationwide and the Office for National Statistics respectively, no facts have been omitted which would render the reproduced information inaccurate or misleading.

Note, however, that the issuer has not participated in the preparation of that information nor made any enquiry with respect to that information. Neither the issuer nor Nationwide nor the Office for National Statistics makes any representation as to the accuracyof the information or has any liability whatsoever to you in connection with that information. .Anyone relying on the information does so at their own risk

INFORMATION ON THE STANDARD VARIABLE RATES

The below table provides information on how the Standard Variable Rate has changed each month since 1 January 2014, as compared to each of 3-month LIBOR and the Bank of England Base Rate at the relevant time, in order to allow an assessment of the Standard Variable Rate in relation to other market rates.

"**3-Month-LIBOR**" means the London Interbank Offered Rate for three-month sterling deposits at the relevant date.

Bank of England Base Rate means the base rate quoted by the Bank of England at the relevant date.

Date	3 Month LIBOR (%)	Bank of England Base Rate (%)	The Co-op SVR (%)
01/03/2019	0.85275%	0.7500%	4.9900%
01/02/2019	0.91350%	0.7500%	4.9900%
01/01/2019	0.90994%	0.7500%	4.9900%
01/12/2018	0.89556%	0.7500%	4.9900%
01/11/2018	0.82588%	0.7500%	4.9900%
01/10/2018	0.79938%	0.7500%	4.9900%
01/09/2018	0.80025%	0.7500%	4.9900%
01/08/2018	0.80213%	0.5000%	4.7400%
01/07/2018	0.67975%	0.5000%	4.7400%
01/06/2018	0.61743%	0.5000%	4.7400%
01/05/2018	0.70636%	0.5000%	4.7400%
01/04/2018	0.72287%	0.5000%	4.7400%
01/03/2018	0.57944%	0.5000%	4.7400%
01/02/2018	0.52231%	0.5000%	4.7400%
01/01/2018	0.51906%	0.5000%	4.7400%
01/12/2017	0.51975%	0.5000%	4.7400%
01/11/2017	0.45075%	0.2500%	4.4900%
01/10/2017	0.33563%	0.2500%	4.4900%

01/09/2017	0.27650%	0.2500%	4.4900%
01/08/2017	0.28544%	0.2500%	4.4900%
01/07/2017	0.30388%	0.2500%	4.4900%
01/06/2017	0.29256%	0.2500%	4.4900%
01/05/2017	0.32369%	0.2500%	4.4900%
01/04/2017	0.33931%	0.2500%	4.4900%
01/03/2017	0.35025%	0.2500%	4.4900%
01/02/2017	0.35588%	0.2500%	4.4900%
01/01/2017	0.37025%	0.2500%	4.4900%
01/12/2016	0.38450%	0.2500%	4.4900%
01/11/2016	0.40219%	0.2500%	4.4900%
01/10/2016	0.38275%	0.2500%	4.4900%
01/09/2016	0.38469%	0.2500%	4.4900%
01/08/2016	0.49138%	0.5000%	4.7400%
01/07/2016	0.52250%	0.5000%	4.7400%
01/06/2016	0.58756%	0.5000%	4.7400%
01/05/2016	0.58963%	0.5000%	4.7400%
01/04/2016	0.58750%	0.5000%	4.7400%
01/03/2016	0.58844%	0.5000%	4.7400%
01/02/2016	0.58938%	0.5000%	4.7400%
01/01/2016	0.59125%	0.5000%	4.7400%
01/12/2015	0.57263%	0.5000%	4.7400%
01/11/2015	0.57938%	0.5000%	4.7400%
01/10/2015	0.58063%	0.5000%	4.7400%
01/09/2015	0.58563%	0.5000%	4.7400%
01/08/2015	0.58125%	0.5000%	4.7400%
01/07/2015	0.57688%	0.5000%	4.7400%

01/06/2015	0.56719%	0.5000%	4.7400%
01/05/2015	0.56750%	0.5000%	4.7400%
01/04/2015	0.56963%	0.5000%	4.7400%
01/03/2015	0.5615%	0.5000%	4.7400%
01/02/2015	0.56338%	0.5000%	4.7400%
01/01/2015	0.56338%	0.5000%	4.7400%
01/12/2014	0.55213%	0.5000%	4.7400%
01/11/2014	0.55475%	0.5000%	4.7400%
01/10/2014	0.56431%	0.5000%	4.7400%
01/09/2014	0.55963%	0.5000%	4.7400%
01/08/2014	0.56013%	0.5000%	4.7400%
01/07/2014	0.55438%	0.5000%	4.7400%
01/06/2014	0.53094%	0.5000%	4.7400%
01/05/2014	0.52488%	0.5000%	4.7400%
01/04/2014	0.52719%	0.5000%	4.7400%
01/03/2014	0.52219%	0.5000%	4.7400%
01/02/2014	0.52125%	0.5000%	4.7400%
01/01/2014	0.52531%	0.5000%	4.7400%

SUMMARY OF THE KEY TRANSACTION DOCUMENTS

Mortgage Sale Agreement

Portfolio

Under the Mortgage Sale Agreement, on the Closing Date the Issuer will pay the Initial Consideration to the Seller and the Loans and the Mortgages and other Related Security comprised in the initial Portfolio (the "**Closing Date Portfolio**") will be assigned to the Issuer by the Seller to the Issuer of the Loans and their Related Security. The Loans and their Related Security (whether part of the Closing Date 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 consideration due to the Seller in respect of the sale of the Closing Date Portfolio is payable on the Closing Date and is the aggregate of:

(a) £582,783,252.75 being an amount equal to the proceeds of the Current Balance of the Loans in the Closing Date Portfolio as at the Closing Date Portfolio Selection Date (the "**Initial Consideration**");

(b) the payment of Deferred Consideration in respect of the sale of the Portfolio.

On the first Business Day (or any other Business Day as agreed between the Issuer, Seller and Servicer) of a calendar month during the Further Sale Period, the Seller may offer to sell further Loans (the "**Additional Loans**") and their Related Security to the Issuer. The Issuer may 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**".

On any Further Sale Date, the Issuer (or the Cash Manager on its behalf) is permitted to apply Excess Principal Amounts towards the purchase price of the relevant Additional Loans and their Related Security on that Further Sale Date. The Cash Manager will calculate the Excess Principal Amounts available on any Further Sale Date by reference to Principal Receipts received as at the last Business Day of the immediately preceding Monthly Period, and by reference to the immediately following Interest Payment Date.

"**Excess Principal Amounts**" means the amount (if any) by which Principal Receipts credited to the Retained Principal Ledger as at the last Business Day of the previous Monthly Period exceeds the relevant Required Retained Amount.

The relevant "**Required Retained Amount**" will be determined as follows:

(a) in respect of any Additional Loans proposed to be purchased by the Issuer from the period commencing on the Closing Date and ending on (and including) 1 December 2019:

  (i) if the Further Sale Date occurs in the period from the Closing Date to (and including) 1 August 2019, an amount equal to one fifth of the Class A Target Amortisation Amount scheduled to be paid on the next Interest Payment Date in accordance with Condition 7.2;

  (ii) if the Further Sale Date occurs in the period commencing on 2 August 2019 to (and including) 1 September 2019, an amount equal to one fifth of the Class A Target Amortisation Amount scheduled to be paid on the next Interest Payment Date in accordance with Condition 7.2;

(iii) if the Further Sale Date occurs in the period commencing on 2 September 2019 to (and including) 1 October 2019, an amount equal to one fifth of the Class A Target Amortisation Amount scheduled to be paid on the next Interest Payment Date in accordance with Condition 7.2;

(iv) if the Further Sale Date occurs in the period commencing on 2 October 2019 to (and including) 1 November 2019, an amount equal to one fifth of the Class A Target Amortisation Amount scheduled to be paid on the next Interest Payment Date in accordance with Condition 7.2; and

(v) if the Further Sale Date occurs in the period commencing on 2 November 2019 to (and including) 1 December 2019, an amount equal to one fifth of the Class A Target Amortisation Amount scheduled to be paid on the next Interest Payment Date in accordance with Condition 7.2;

and

(b) in respect of any Additional Loans proposed to be purchased by the Issuer on and from 2 December 2019:

(i) if the Further Sale Date falls in the first calendar month of a Collection Period, an amount equal to one third of the Class A Target Amortisation Amount scheduled to be paid on the next Interest Payment Date in accordance with Condition 7.2;

(ii) if the Further Sale Date falls in the second calendar month of a Collection Period, an amount equal to two thirds of the Class A Target Amortisation Amount scheduled to be paid on the next Interest Payment Date in accordance with Condition 7.2; and

(iii) if the Further Sale Date falls in the third calendar month of a Collection Period, an amount equal to the Class A Target Amortisation Amount scheduled to be paid on the next Interest Payment Date in accordance with Condition 7.2.

The consideration due to the Seller in respect of the sale of Additional Loans and their Related Security 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, together with the Initial Consideration, the "**Consideration**"); and

(b) payment of any Deferred Consideration.

"**Deferred Consideration**" means the consideration payable to the Seller in respect of the Loans sold to the Issuer from time to time, which is due and payable under the Mortgage Sale Agreement after making payments of a higher order of priority as set out in the relevant Priority of Payments.

The Deferred Consideration will be paid in accordance with the Priority of Payments set out in the sections headed "*Cashflows – Application of Available Revenue Receipts prior to the service of a Note Acceleration Notice on the Issuer*" and "*Cashflows – Distribution of Available Principal Receipts and Available Revenue Receipts following the service of a Note Acceleration Notice on the Issuer*".

The Portfolio does not contain transferable securities as defined in point (44) of Article 4(1) of Directive 2014/65/EU, derivative instruments or securitisation positions.

Title to the Mortgages, registration and notifications

The completion of the transfer of the Loans and their Related Security (and where appropriate their registration or recording) to the Issuer is, save in the limited circumstances referred to below, deferred. Legal title to the Loans and their Related Security therefore remains with the 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 of legal title 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:

(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, to perfect legal title to the Loans and their Related Security; or

(b) it becoming necessary by law to take any or all such actions referred to in paragraph (a) above; or

(c) the security created under or pursuant to 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 Secured Creditors 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 in relation to the Seller;

(f) a breach by the Seller of its obligations under the Transaction Documents, which such breach remains unremedied after a period of 30 days following notification to the Seller of such breach; or

(g) if the Seller determines, as at any date, that its CET1 Ratio has fallen below 6.00%, where "**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 the Seller on an individual consolidated basis (as referred to in Article 9 of the 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 the Seller 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 the Seller on an individual consolidated basis (as referred to in Article 9 of the 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 and "**Risk Weighted Assets**" means, as at any date, the aggregate amount of the risk weighted assets of the Seller as at such date, as calculated by the Seller on an individual consolidated basis (as referred to in Article 9 of the CRR) or, as the context requires, a consolidated basis, in each case in accordance with the then prevailing Capital Regulations,

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

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

(a) an order is made or an effective resolution passed for the winding up of the Seller; or

(b) the Seller stops or threatens to stop payment to its creditors generally or the Seller ceases or threatens to cease to carry on its business or substantially the whole of its business; or

(c) an encumbrancer takes possession or a receiver, 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 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 and, in the case of any of the foregoing events, is not discharged within 30 days; or

(d) the Seller is unable to pay its debts as they fall due.

The Title Deeds and Loan 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 Loan 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.

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.

Loan Porting

If a Borrower ports a Loan comprised in the Portfolio prior to the occurrence of a Perfection Event, such Loan will be repurchased and the principal element will be applied as Available Principal Receipts and the interest element will be applied as Available Revenue Receipts on the Interest Payment Date immediately following the Collection Period in which the Loan was ported.

Representations and Warranties in the Mortgage Sale Agreement

The representations and warranties described below will be given by the Seller in respect of the Loans and their Related Security sold by the Seller to the Issuer:

(a) in respect of each Loan and its Related Security comprised in the Closing Date Portfolio, as at the Closing Date; and

(b) in respect of each Additional Loans and its Related Security, as at the relevant Further Sale Date.

If the Seller accepts an application from or makes an offer (which is accepted) to a Borrower for a Product Switch or Further Advance, then if it is determined on the Monthly Test Date immediately following the Monthly Period in which such Product Switch and/or Further Advance was made that the Asset Conditions were not satisfied on the last calendar day of the calendar month in which the Product Switch and/or Further Advance was made, the Issuer shall require the Seller to repurchase the Loans subject to any Product Switch or Further Advance and their Related Security in accordance with the provisions of the Mortgage Sale Agreement.

The representations and warranties that will be given to the Issuer and the Security Trustee by the Seller pursuant to the Mortgage Sale Agreement include, *inter alia*, similar statements to the

following effect (defined terms having the meaning given to them in the Mortgage Sale Agreement and see also "*Insurance Contracts*" above):

(a) each Loan was originated by the Originator and the Originator was, at the time of the origination of each Loan, a credit institution as defined in points (1) and (2) of Article 4(1) of Regulation (EU) No 575/2013;

(b) so far as the Seller is aware, no Borrower is materially in default under a Loan other than in respect of payments;

(c) no self-certified Loans are present in the Portfolio;

(d) no Borrower has filed for bankruptcy, entered into an individual voluntary arrangement, or had a county court judgment within six years prior to (i) the Closing Date in respect of the Closing Date Portfolio or (ii) the relevant Further Sale Date in respect of the relevant Additional Loans, except in the case of certain Borrowers who have had only one county court judgment provided that (A) the value of such judgment was no more than £100, (B) the Borrower satisfied that county court judgment and (C) the Borrower otherwise passed the credit score test applied by the Originator;

(e) each Loan was originated by and made by The Co-operative Bank on its own account pursuant to underwriting standards that are no less stringent than those the Originator applied at the time of origination to similar exposures that are not included in the Portfolio;

(f) no Loan was marketed and underwritten on the premise that the loan applicant or, as applicable, any intermediary, was made aware that the information provided by the loan applicant might not be verified by the Seller;

(g) (i) in respect of the Closing Date Portfolio, as of the Closing Date Portfolio Selection Date, the particulars of the Loans set out in the Mortgage Sale Agreement were complete, true and accurate in respect of the data fields described in the Mortgage Sale Agreement and (ii) in respect of any Additional Loans, the particulars of any Additional Loans set out in any offer 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;

(h) each Loan arose from the ordinary course of The Co-operative Bank's residential secured lending activities in England and Wales and at the time of origination, the Lending Criteria were satisfied;

(i) each Loan and its Related Security was made 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 (other than in cases where The Co-operative Bank's, or, following the Closing Date, the Issuer's prior consent was obtained);

(j) all of the Borrowers are individuals;

(k) no Borrower (or guarantor of a Borrower's obligations) is an employee or director of The Co-operative Bank;

(l) no Loan is a Right to Buy Loan or a Buy to Let Loan;

(m) no Loan is a Flexible Loan;

(n) there were no Capitalised Arrears on any Loan as at the Portfolio Reference Date;

(o) each Loan has a term ending no later than three years earlier than the Final Maturity Date;

(p) no Underpayments or Payment Holidays have been granted in respect of any Loan as at the Portfolio Reference Date;

(q) no Loan is in Arrears;

(r) no Loan is considered by the Seller as being in default within the meaning of Article 178(1) of Regulation (EU) No 575/2013 (the "**CRR**"), as further specified by the Delegated Regulation on the materiality threshold for credit obligations past due developed in accordance with Article 178 of the CRR and by the EBA Guidelines on the application of the definition of default developed in accordance with Article 178(7) of the CRR;

(s) to the best of the Seller's knowledge, no Borrower has been declared insolvent or had a court grant his creditors a final non-appealable right of enforcement or material damages as a result of a missed payment within six years prior to the date of origination or has undergone a debt-restructuring process with regard to his non-performing exposures within six years prior to (i) the Closing Date in respect of the Closing Date Portfolio and (ii) the Further Sale Date in respect of the relevant Additional Loan;

(t) to the best of the Seller's knowledge, no Borrower has 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, except that certain Borrowers may have missed (whether in whole or in part) (i) one payment in respect of a Loan or (ii) missed payment twice on any unsecured debt in the last 12 months, provided that (A) the Borrower otherwise passes the credit score test and (B) the Borrower has provided an explanation satisfactory to the Originator (acting as a Reasonable, Prudent Mortgage Lender);

(u) to the best of the Seller's knowledge, at the time of origination of the relevant Loan, no Borrower either (i) appeared on a register available to the Seller of persons with an adverse credit history or (ii) had a credit assessment or a credit score indicating that the risk of contractually agreed payments not being made was significantly higher than for comparable exposures held by the Seller which are not included in the Portfolio, except in the case of certain Borrowers who have had only one county court judgment provided that (A) the value of such judgment was no more than £100, (B) the Borrower satisfied that county court judgment and (C) the Borrower otherwise passed the credit score test applied by the Originator;

(v) the amount outstanding under each Loan is a valid debt to The Co-operative Bank from the Borrower and the terms of each Loan and its Related Security constitute valid, binding and enforceable obligations of the relevant parties except that (i) enforceability may be limited by bankruptcy, insolvency or other similar laws of general applicability affecting the enforcement of creditors' rights generally and the courts' discretion in relation to equitable remedies and (ii) the warranty does not apply in relation to any redemption fees or other charges that may be payable;

(w) no Loan is wholly or partly regulated by the CCA or treated as such, or, to the extent that it is so regulated or partly regulated or treated as such The Co-operative Bank, has complied with all of the legal requirements of, and procedures set out in, the CCA and all secondary legislation made pursuant thereto;

(x) no Loan (whether alone or with any related agreement) constitutes an unfair relationship for the purposes of sections 140A to 140D of the CCA;

(y) there are no outstanding obligations on The Co-operative Bank to make any Further Advances, or the payment of any cashback amounts, to any Borrower;

(z) in respect of any Loan in respect of which the relevant Borrower has been permitted to enter into a tenancy, such tenancy is an assured shorthold tenancy;

(aa) in relation to any leasehold Property, in any case where The Co-operative Bank has received written notice from the relevant landlord that it is or may be taking reasonable steps to forfeit or irritate the lease of that Property, The Co-operative Bank has taken such reasonable steps (if any) and in such time as would be taken by a Reasonable, Prudent Mortgage Lender to protect its security and the Loan;

(bb) no Loan is currently repayable in a currency other than Sterling;

(cc) with the exception of certain allowable fees being added to the aggregate balance of the Loan, the original advance being made under each Loan was £10,000 or more but less than £1,000,000;

(dd) all costs and fees payable by the Borrower in connection with the origination of the Loans have been paid;

(ee) in the case of each Loan, The Co-operative Bank caused to be made on its behalf a valuation of the relevant Property by a valuer approved by The Co-operative Bank (being a fellow or associate of the Royal Institution of Chartered Surveyors or the Incorporated Society of Valuers and Auctioneers for the valuation of a Property), or by an automated valuation model by Hometrack Data Systems Limited in all material respects in accordance with the Lending Criteria;

(ff) The Co-operative Bank has not agreed to waive any of its rights against any valuer, solicitor, 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;

(gg) all of the Properties are residential and located in England and Wales;

(hh) prior to making a Loan to a Borrower, The Co-operative Bank either:

(i) caused its approved solicitors, being:

(A) any firm of solicitors authorised to practise law by the Law Society of England and Wales having at least two partners;

(B) any firms of solicitors authorised to practice law by the Law Society of England and Wales having a sole principal; or

(C) such other firm as would be approved by a Reasonable, Prudent Mortgage Lender ("**Approved Solicitors**")) or its approved conveyancers (being: (1) any sole principal, partnership or incorporated practice of conveyancers authorised to practise conveyancing by the Council of Licensed Conveyancers; or (2) such other firm as would be approved by a Reasonable, Prudent Mortgage Lender ("**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 or Wales (as applicable); and

(D) received a certificate of title prepared by Approved Solicitors or Approved Conveyancers (a "**Certificate of Title**") 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; or

(ii) (A) has the benefit of a Title Insurance Policy applicable to such Property; and

(B) received a Restricted Certificate of Title relating to such Property relating to the title to the Property;

(ii) in relation to each Mortgage, the Borrower has good and marketable title to the relevant Property (subject to registration of the title at the Land Registry) free from any encumbrance (except the Mortgage and any subsequent ranking mortgage) which would materially adversely affect such title and, without limiting the foregoing, in the case of a leasehold Property:

(i) the lease cannot be forfeited on the bankruptcy 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;

(jj) all steps necessary to perfect The Co-operative Bank's title to each Mortgage were duly taken or are in the process of being taken with all due diligence and The Co-operative Bank is not aware of any caution, notice, inhibitions or restrictions which would prevent the registration or recording of the Mortgage in due course;

(kk) no Loan or Related Security is subject to any right of rescission, set-off, lien, counterclaim or defence;

(ll) The Co-operative Bank has not waived any of its rights under or in relation to a Loan or Related Security which would materially reduce the value of the Loan;

(mm) the terms of the Loan Agreement or Related Security relating to each Loan are not "unfair terms" within the meaning of the Unfair Terms in Consumer Contracts Regulations 1994 or the Unfair Terms in Consumer Contract Regulations 1999 but this warranty shall not be construed so as to apply in respect of any redemption fees or other charges;

(nn) in relation to each Mortgage every person who, at the date upon which the relevant Loan was made, had attained the age of seventeen and who had been notified to The Co-operative Bank as residing or being about to reside in a Property subject to a Mortgage, is either the relevant Borrower or has signed a deed whereby a mortgagee in relation to a Property in England and Wales agrees with the Seller to postpone its mortgage over the Property so that the sums secured by it will rank for repayment after the sums secured by the relevant Mortgage;

(oo) the Insurance Policies are in full force and effect and all premiums payable thereon have been paid and, so far as The Co-operative Bank is aware, the relevant policies are valid and

enforceable and The Co-operative Bank has not received notice that there are, and is not otherwise aware of any reasons why an insurer may refuse to accept liability under the same;

(pp) as far as The Co-operative Bank is aware, there is no claim outstanding under any of the Third Party Buildings Policies (save for senior claims not involving the destruction of Property) and The Co-operative Bank is not aware of any circumstances, act or thing which would, or would be likely to, give rise to any claim under any of the foregoing;

(qq) save for Title Deeds held at the Land Registry all the Title Deeds and the mortgage files and computer tapes relating to each of the Loans and their Related Security are held by The Co-operative Bank or its agents and the title deeds held at the Land Registry are held on the basis that any such title deeds shall be returned to The Co-operative Bank or its solicitors or agents;

(rr) The Co-operative Bank has good and marketable title to, and is the absolute unencumbered legal and beneficial owner of, each Loan and its Related Security, subject in each case only to the Mortgage Sale Agreement, the Borrowers' equity of redemption and subject to registration or recording at the Land Registry of The Co-operative Bank as proprietor or heritable creditor of the relevant Mortgage;

(ss) The Co-operative Bank has not received written notice of or are aware of any litigation or claim which may have a material adverse effect on The Co-operative Bank's title to any Loan or Related Security;

(tt) The Co-operative Bank has at all relevant times held and continues to hold (i) a subsisting licence under the terms of the Consumer Credit Act 1974 to carry on consumer credit business in England and Wales and (ii) all relevant approvals under all relevant Data Protection Laws;

(uu) all formal approvals, consents and other steps necessary to permit a legal transfer of the Loans and their related Mortgages and the other Related Security to be sold under the Mortgage Sale Agreement have been obtained or taken;

(vv) The Co-operative Bank (together, with its delegates and service providers) has, since the making of each Loan, kept such accounts, books and records as are necessary to show all material transactions, payments, receipts and proceedings relating to that Loan and its Mortgage and the Related Security and all such accounts, books and records are in the possession of The Co-operative Bank;

(ww) The Co-operative Bank has at all relevant times held and continues to hold authorisation and appropriate permissions from the FCA for conducting all regulated activities in respect of the loan and related security for which they hold a permission and as specified in the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001 (as amended) carried on by it in respect of each Loan;

(xx) The Co-operative Bank has complied with all applicable requirements of law or of any person who has regulatory authority which has the force of law in respect of the Loan and Related Security, in particular the provisions of the FCA Mortgages and Home Finance: Conduct of Business sourcebook as amended from time to time;

(yy) no Borrower has made any complaint and there is no pending or threatened action or proceeding by an applicant against The Co-operative Bank in respect of the Loans or Related Security;

(zz) each officer or employee of The Co-operative Bank in any capacity which involved a Senior Management Function under the SMCR regime and/or a controlled function under the APER regime (as defined in the rules, guidance and evidential provisions as amended from time to time contained in the PRA rulebook and or the FCA Handbook of Rules and Guidance (the "**FCA Rules**")) or involves the supervision of any person or persons so engaged is and was at all relevant times a validly registered "Senior Management Function" or "approved person";

(aaa) The Co-operative Bank has created and maintained all records in respect of the Mortgages in accordance with the FCA Rules and any other applicable requirements of law or of any person who has regulatory authority which has the force of law;

(bbb) none of the property which is assigned under the Mortgage Sale Agreement comprises or includes (or comprises or includes an interest in) stock or marketable securities (within the meaning of section 122 of Stamp Act 1891), chargeable securities (within the meaning of section 99 of the Finance Act 1986) or a chargeable interest (within the meaning of section 48 of the Finance Act 2003) or section 4 of the Land Transaction Tax and Anti-avoidance of Devolved Taxes (Wales) Act 2017;

(ccc) the Seller is beneficially entitled to the Deferred Consideration paid by the Issuer to the Seller in accordance with the relevant Priority of Payments;

(ddd) the Seller has full recourse to the Borrower and any guarantor of the Borrower under the relevant Loans;

(eee) no Loan or Related Security is cancellable under the Financial Services (Distance Marketing) Regulations (2004) (as amended) or under any other applicable law;

(fff) The Co-operative Bank has not altered the terms of any letter of offer accepted by a Borrower relating to a Loans or otherwise changed any of the terms and conditions relating to any Loans other than in accordance with the terms and conditions of the letter of offer relating to a Loans as accepted by the applicable Borrower;

(ggg) each Loan (including any Further Advances) sold by The Co-operative Bank to the Issuer pursuant to the Mortgage Sale Agreement will be, at the time when the Issuer acquires such Loan (or, as the case may be, such Further Advance), a "financial asset" as defined in the Taxation of Securitisation Companies Regulations 2006;

(hhh) at least one monthly payment due in respect of each Loan has been paid by the relevant Borrower under each Loan;

(iii) each Further Advance constitutes a legal, valid, binding and enforceable obligation of the relevant Borrower and each relevant Mortgage securing that Further Advance secures the repayment of all advances, interest, costs and expenses payable by the relevant Borrower to the person entitled to the benefit of the relevant Mortgage (the "**Mortgagee**") in priority, in the case of a Mortgage which is a first ranking mortgage, to any other mortgages, charges or securities (including without limitation those registered or recorded against the relevant Property);

(jjj) the beneficial interest in each Further Advance is vested in the Issuer pursuant to the Mortgage Sale Agreement;

(kkk) prior to making a Further Advance to a Borrower, all investigations, searches and other actions that are required to be undertaken pursuant to the Servicing Agreement were duly undertaken;

(lll) prior to making a Further Advance to a Borrower, the nature and amount of each Further Advance and the circumstances of the relevant Borrower satisfied the Lending Criteria in all material respects;

(mmm) each Further Advance has been made on the terms of the Standard Documentation of The Co-operative Bank (so far as applicable) without material variation;

(nnn) The Co-operative Bank has made reasonable enquiries to satisfy itself that each Property was, as at the date of completion of the relevant Loan, insured under a Third Party Buildings Policy with a reputable insurance company against all risks usually covered by a Reasonable, Prudent Mortgage Lender advancing money on the security of residential property to an amount not less than the full reinstatement cost,

(ooo) the Loans and their Related Security are not subject, either totally or partially, to any lien, assignment, charge or pledge to any third parties or are otherwise in a condition that could be foreseen to adversely affect the enforceability of the sale to the Issuer;

(ppp) no Loan is an Interest-only Loan; and

(qqq) no Loan is a Help to Buy Loan, where "**Help to Buy Loan**" means a loan which benefits from the British Government's "Help to Buy Scheme" or any successor scheme thereto.

Neither the Security Trustee nor the Arranger has undertaken any additional due diligence in respect of the application of the Lending Criteria and have relied entirely upon the warranties referred to above which will be made by the Seller to the Issuer and the Security Trustee pursuant to the Mortgage Sale Agreement.

For the avoidance of doubt, each reference to a 'Loan' in a Loan Warranty shall where the context requires include any Further Advances made in respect of that Loan on or prior to the Closing Date. References in Loan Warranties to the "FCA" shall be taken to include the Financial Services Authority ("**FSA**") as the context requires.

"**Data Protection Directive**" means Directive 95/46/EC of the European Parliament and of the Council of 24 October 1995 on the protection of individuals with regard to the processing of personal data and on the free movement of such data.

"**Data Protection Laws**" means to the extent applicable to the parties from time to time:

(a) the Data Protection Directive and any implementing national legislation thereunder (including, without limitation the Data Protection Act 2018);

(b) the GDPR and any data protection legislation in any EU Member State which implements the GDPR or is, or is intended to be, materially equivalent to the GDPR; and

(c) all other applicable laws relating to or impacting on the processing of Personal Data and privacy

"**Flexible Loans**" means a flexible loan product giving the Borrower an exercisable redraw right under the relevant Loan.

"**GDPR**"means Regulation (EU) 2016/679 of the European Parliament and of the Council of 27 April 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data, and repealing Directive 95/46/EC (General Data Protection Regulation).

"**Loan Warranty**" means the loan warranties as described in the Mortgage Sale Agreement.

"**Personal Data**" means any information of whatever nature satisfying the definition of "personal data" in the Data Protection Laws processed under this Agreement and other Transaction Documents.

"**Restricted Certificate of Title**" means a restricted certificate of title from Approved Solicitors or Approved Conveyancers relating to such Property relating to the title to the Property in a form approved by the insurer under each Title Insurance Policy.

"**Underpayments or Payment Holidays**" means any underpayment and payment holiday feature of a product where the borrower who is not in arrears can apply to defer one or more monthly payments or apply to underpay.

Further Advances and Product Switches

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 will purchase Further Advances from the Seller on the date that the relevant Further Advance is advanced to the relevant Borrower by the Seller (the "**Advance Date**"). The Issuer will pay the Seller an amount equal to the Current Balance of the relevant Further Advance (the "**Further Advance Purchase Price**") on the Monthly Pool Date immediately succeeding the Monthly Period in which the relevant Advance Date occurred from amounts standing to the credit of the Principal Receipts Ledger. Where the Issuer (or the Cash Manager on its behalf) determines that the amounts standing to the credit of the Principal Receipts Ledger would not be sufficient to fund such Further Advance Purchase Price, the Issuer will, prior to the VFN Commitment Termination Date, make a drawing under the Class B VFN in an amount equal to the difference between the amounts standing to the credit of the Principal Receipts Ledger and the Further Advance Purchase Price, credit such amount to the Class B VFN Drawdown Ledger and use such proceeds of the Class B VFN to fund the purchase of Further Advances under the Loans. Amounts standing to the credit of the Class B VFN Drawdown Ledger will be utilised to purchase Further Advances. If the Issuer is unable to fund the purchase of any Further Advance from amounts standing to the credit of the Principal Receipts Ledger or standing to the credit of the Class B VFN Drawdown Ledger and the Class B VFN Holder fails to advance an amount equal to such shortfall in the Further Advances Purchase Price to be paid on the Monthly Pool Date, the Issuer will not complete the purchase of the relevant Further Advance and the Seller must repurchase the related Loan and its Related Security for a price equal to its Current Balance plus Accrued Interest on the next Monthly Pool Date (but not including the amount of the Further Advance) determined as at the relevant Monthly Pool Date in accordance with the terms of the Mortgage Sale Agreement.

"**Further Advance**" means, in relation to a Loan, any advance of further money to the relevant Borrower 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.

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 satisfied the Asset Conditions and it is a Permitted Product Switch. If it is subsequently determined by the Servicer on the Monthly Test Date immediately succeeding the Monthly Period in which the Product Switch was made that (i) any of the Asset Conditions were not met as at the last calendar day of the month in which the Switch Date took place or (ii) the Product Switch was not a Permitted Product Switch, then the Seller shall, upon receipt of notice from the Issuer, repurchase the relevant Loan and its Related Security in accordance with the Mortgage Sale Agreement.

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, if the Issuer would be required to be authorised under the FSMA to do so.

"**Permitted Product Switch**" is a Product Switch where:

(a) the relevant Borrower has made at least one Monthly Payment, in full, on its Loan;

(b) the new loan for which the prior Loan is to be exchanged is subject to either a Fixed Rate or the Base Rate linked rate of interest; and

(c) on the Monthly Test Date immediately following the making of the Product Switch, each of the conditions as set forth under "*Asset Conditions*" below are satisfied.

"**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;

(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; or

(c) imposed by statute.

"**Switch Date**" means the date on which a Product Switch occurs.

Additional Loans

If the Additional Loan Conditions are breached as at the last day of the Monthly Period in which the relevant Further Sale Date occurred as tested on the Monthly Test Date (on the basis of the position in relation to such Additional Loans and data calculated as of 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 in accordance with the terms of the Mortgage Sale Agreement (see "*Repurchase by the Seller*" below for more details).

Repurchase by the Seller

If:

(a) a Loan or its Related Security does not comply with the Loan Warranties, such non-compliance is likely to have a material adverse effect on the value of that Loan (as determined by the Servicer in accordance with the Servicing Agreement), and the default is not cured within 90 Business Days of notice being given of such non-compliance;

(b) a Loan has been subject to a Further Advance or Product Switch and it is determined on the Monthly Test Date immediately following the Monthly Period in which the Further Advance or Product Switch was made that the Asset Conditions were not satisfied on the last calendar day of the calendar month in which the Advance Date or Switch Date, as the case may be, took place; or

(c) a Loan has been subject to a Product Switch, but it is determined that such Product Switch was not a Permitted Product Switch; or

(d) 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) in respect of a purchase by the Issuer of an Additional Loan were not satisfied by or on the Monthly Test Date immediately following the Monthly Period in which the relevant Further Sale Date occurred, where such default is not cured within 90 Business Days of notice being given of such non-compliance,

then the Seller will, upon receipt of notice from the Issuer, be required to repurchase the relevant Loan and its Related Security (and any other Loans secured or intended to be secured by that Related Security or any part of it) from the Issuer in accordance with the Mortgage Sale Agreement. The repurchase price shall be the Current Balance of the relevant loan *plus* any Accrued Interest on the Monthly Pool Date immediately following a determination by the Seller that such breach or breaches cannot be remedied or failure by the Seller to remedy such breach or breaches.

The Seller does not have any discretionary rights of repurchase.

Reporting under the Securitisation Regulation

Co-op (as originator) 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 Securitisation Regulation, which shall be provided (i) as at the date of this Prospectus and prior to the relevant technical standards being prepared under the Securitisation Regulation, in the form of the standardised template set out in Annex I of the Delegated Regulation (EU) No 2015/3 as required by Article 43(8) of the Securitisation Regulation, and (ii) following the technical standards required under the Securitisation Regulation coming into effect, in the manner required by such technical standards;

(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 Securitisation Regulation which shall be provided (i) as at the date of this Prospectus and prior to the relevant technical standards being prepared under the Securitisation Regulation, in the form of the standardised template set out in Annex I of the Delegated Regulation (EU) No 2015/3 as required by Article 43(8) of the Securitisation Regulation, and (ii) following the technical standards required under the Securitisation Regulation coming into effect, in the manner required by such technical standards;

(c) publish on the website of European DataWarehouse at https://editor.eurodw.eu/home any information required to be reported pursuant to Article 7(1)(f) or 7(1)(g) (as applicable) of the Securitisation Regulation without delay. Such information will also be delivered to the Note Trustee in PDF form by electronic mail by the Seller and 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 website of European DataWarehouse at https://editor.eurodw.eu/home copies of the Transaction Documents and this Prospectus.

The reports set out above shall be published on the website of European Data Warehouse at http://editor.eurodw.eu/home, being a website which conforms with the requirements set out in Article 7(2) of the Securitisation Regulation and each such report shall be made available no later than one month following the Interest Payment Date following the Calculation Period to which it relates. For the avoidance of doubt, this website and the contents thereof do not form part of this Prospectus. To the extent any technical standards prepared under the Securitisation Regulation come into effect after the date of this Prospectus and require such reports to be published in a different manner or on a different website, Co-op (as originator) will comply with the requirements of such technical standards when publishing such reports.

Co-op (as originator) will make the information referred to in the section headed "*Reporting under the Securitisation Regulation*" above available to the holders of any of the Notes, relevant competent authorities and, upon request, potential investors in the Notes.

Cashflow model

Co-op (as originator) has (prior to pricing) made available to the holders of the Notes (through the website of Moody's Analytics at https://www.sfportal.com) a cashflow model, either directly or indirectly through one or more entities which provide such cashflow models to investors generally. Co-op (in its capacity as originator) shall procure that such cashflow model (i) 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, and (ii) is made available to investors in the Notes on an ongoing basis and to potential investors in the Notes upon request.

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

"**Calculation Date**" means the 15th of March, June, September and December 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 and including the last calendar day before the immediately following Collection Period Start Date except that the first Collection Period will commence on 1 July 2019 and end on 30 November 2019.

"**Collection Period End Date**" means the last day of the calendar quarter immediately preceding the immediately following Calculation Date.

"**Collection Period Start Date**" means the 1st of March, June, September and December except that the first Collection Period Start Date will be 1 of July 2019 and the second Collection Period Start Date will be 1 of December 2019.

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 principal 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; and

(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, Arrears of Interest and any costs or fees incurred in connection with the recovery of that Loan) 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 (but excluding any Accrued Interest),

as at the end of the Business Day immediately preceding that given date less any repayment or payment of any of the foregoing made on or before the end of the Business Day immediately preceding that given date and excluding any retentions made but not released.

"**Insolvency Event**" means, in respect of the Issuer, The Co-operative Bank, the Servicer, the Corporate Services Provider, the Collection Account Bank, any Paying Agent 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(l)(a), (b), (c) or (d) of the Insolvency Act or becomes unable to pay its debts as they fall due or the value of its assets falls to less than the amounts of its liabilities (taking into account, for both these purposes, contingent and prospective liabilities) or 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 the 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 the 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.

"**Loan Files**" means the file or files relating to each Loan (including files kept in microfiche formal 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 relevant 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 that extent available, the solicitor's, licensed or qualified conveyancer's certificate of title.

"**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 Closing Date and end on the last calendar day of July 2019.

"**Monthly Period End Date**" means the last day of the calendar month.

"**Monthly Pool Date**" means (a) the first day of the calendar month immediately following each Monthly Period End Date; or (b) where such day is not a Business Day, the following Business Day.

"**Monthly Test Date**" means the tenth Business Day of each month.

"**Mortgage**" means in respect of any Loan, the first charge by way of legal mortgage in England and Wales over the relevant Property executed by the relevant Borrower which is, or is to be, sold, assigned or transferred 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.

"**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, including in respect of the Portfolio the relevant mortgage conditions booklet, each as varied from time to time by the relevant Loan Agreement and the relevant Mortgage Deed.

"**Property**" means a freehold, leasehold or commonhold property in England and Wales.

"**Reasonable, Prudent Mortgage Lender**" means a reasonably prudent residential mortgage lender lending to the Borrowers in England and Wales of the type contemplated in the relevant Lending Criteria on terms similar to those set out in the relevant Lending Criteria.

"**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 including (without limitation):

(a) the benefit of all affidavits, declarations, consents, renunciations, guarantees, indemnities, waivers and postponements (including, without limitation, Deeds of Consent) from occupiers and other persons having an interest in or rights in connection with the relevant Property;

(b) each right of action of the Seller against any person (including, without limitation, any solicitor, licensed conveyancer, qualified conveyancer, valuer, registrar or registry or other person) in connection with any report, valuation, opinion, certificate or other statement of fact or opinion (including, without limitation, each Certificate of Title and Valuation Report) given or received in connection with all or part of any Loan and its Related Security or affecting the decision of the Seller to make or offer to make all or part of the relevant Loan; and

(c) the benefit of (including, without limitation, the rights as the insured person under and as notations of interest on, and returns of premium and proceeds of claims under) insurance and assurance policies (including, the relevant Insurance Policies) deposited, charged, obtained, or held in connection with the relevant Loan, Mortgage and/or Property and relevant Loan Files.

"**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 section 156 of the Housing Act 1985 excluding however, such Loans in respect of which the statutory charge referred to in section 155 of the Housing Act 1985 has expired.

"**Seller Standard Variable Rate**" means the relevant standard variable rate set by the Seller in relation to applicable Standard Variable Rate Mortgages beneficially owned by the Seller on the Seller's residential mortgage book.

"**Standard Variable Rates**" or "**SVR**" means the Seller Standard Variable Rate and the Issuer Standard Variable Rate, as the context may require.

"**Swap Calculation Period**" means, in respect of a Fixed Rate Swap Transaction (other than the first Swap Calculation Period), each period that corresponds to an Interest Period under the Notes. The first Swap Calculation Period, shall be the period from (and including) the Closing Date to but excluding the first Swap Payment Date.

"**Title Deeds**" means, in relation to each Loan and its Related Security and the Property relating thereto, all conveyancing deeds, certificates and all other 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.

"**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 (being a fellow or associate of the Royal Institution of Chartered Surveyors or the Incorporated Society of Valuers and Auctioneers) 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.

Asset Conditions

In order for any Loan which has been the subject of a Product Switch or a Further Advance to remain in the Portfolio, the following conditions (the "**Asset Conditions**") must be complied with as of the relevant Switch Date or Advance Date (as applicable) immediately following the making of the Product Switch or the Further Advance. The Asset Conditions will be tested on the Monthly Test Date immediately following the Monthly Period in which such sale of the Product Switch or Further Advance took place.

The Asset Conditions are:

(a) the Loan Warranties remain true, accurate and complete as at the last calendar day of the month in which the Advance Date or Switch Date (as applicable) took place;

(b) the Fixed Rate Swap Agreement will hedge against any fixed interest receivable in respect of the Loan which is the subject-matter of such Product Switch and/or Further Advance from the start of the following Swap Calculation Period until the maturity of such Loan;

(c) as at the relevant Monthly Test Date, 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 per cent. of the aggregate Current Balance of the Loans comprising the Portfolio at that date;

(d) the aggregate amount of all Further Advances (including the Further Advances made since the Closing Date) does not exceed ten per cent. of the Current Balance of the Loans comprised in the Portfolio on the Closing Date;

(e) as at the relevant Monthly Test Date, the General Reserve Fund is at the General Reserve Required Amount, or failing such condition, a drawing is made under the Class Z VFN in order to replenish the General Reserve Fund to the General Reserve Required Amount;

(f) the Loan is not an Interest-Only Loan;

(g) where a Further Advance has been granted in respect of a Loan:

(i) the aggregate Current Balance of all Loans on such Mortgage Account including the Further Advance is no more than 95 per cent. of the value of the Property over which that Loan is secured as determined in relation to the Further Advance; and

(ii) the weighted average current loan to value ratio does not exceed 78 per cent, where:

$$weighted\ average\ current\ loan\ to\ value\ ratio = \frac{\sum(\boldsymbol{A} \times \boldsymbol{B})}{\boldsymbol{Y}}$$

A is the current loan to value ratio calculated by dividing (i) the total Current Balance of all Loans on each Mortgage Account (including any Further Advances made) by (ii) the valuation of the relevant property at the time of the latest loan advanced in relation to such Mortgage Account (where such latest valuation is available);

B is the Current Balance of such Mortgage Account in the Portfolio;

$\sum(\boldsymbol{A} \times \boldsymbol{B})$ signifies the aggregate of for each of the Mortgage Accounts in the Portfolio; and

Y is the aggregate Current Balance of all Mortgage Accounts in the Portfolio;

(h) no Event of Default shall have occurred which is continuing or unwaived as at the relevant Monthly Test Date;

(i) no Further Advance or Product Switch has been granted on or after the Step-Up Date;

(j) no Seller Insolvency Event shall have occurred in respect of the Seller;

(k) the Product Switch will be similar to switches offered to the Seller's mortgage borrowers whose mortgage loans do not form part of the Portfolio;

(l) if the Seller's short-term issuer default rating is below F2 by Fitch or the Seller's short-term unsecured, unsubordinated and unguaranteed debt rating is below P-2 by Moody's (or such other lower short-term rating acceptable to the relevant Rating Agency), the Seller has provided to the Issuer a solvency certificate signed by an authorised signatory of the Seller dated no earlier than the day falling three months prior to the relevant Advance Date;

(m) the aggregate amount of Loans (including, for the avoidance of doubt, Further Advances, Product Switches and Additional Loans) which have been valued on the basis of an automated valuation model does not exceed 40 per cent. of the Current Balance of the Loans comprised in the Portfolio;

(n) the Further Advance or Product Switch (as applicable) would not cause the yield on all Base Rate Tracker Mortgages and Discount Mortgage Loans to be lower than a rate equivalent to the base rate then published by the Bank of England plus 0.8 per cent.;

(o) the Further Advance or Product Switch (as applicable) would not cause the yield on all SVR Mortgages to be lower than a rate equivalent to the base rate then published by the Bank of England plus 2.0 per cent.;

(p) the Further Advance or Product Switch (as applicable) would not cause the yield on all Fixed Rate Mortgages to be lower than a rate equivalent to SONIA plus 0.8 per cent., after taking into account the Fixed Rate Swap;

(q) the Further Advance or Product Switch (as applicable) would not cause the aggregate Current Balance of all Base Rate Tracker Mortgages and Discount Mortgage Loans in the Portfolio to exceed 10 per cent. of the aggregate Current Balance of all Loans comprised in the Portfolio on the date such Loan is included in the Portfolio; and

(r) if such Loan is a Fixed Rate Loan, the fixed rate term is not longer than five years and six months (such term determined as at the date of the Switch Date or the Advance Date (as applicable)).

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 prior to the relevant Further Sale Date) are not in breach of any of the Loan Warranties as tested by the Seller on the Monthly Test Date falling in the Monthly Period immediately after the relevant Further Sale Date;

(d) as at the relevant Monthly Test Date, 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 per cent. of the aggregate Current Balance of the Loans comprising the Portfolio at that date;

(e) at origination, no Loan had a loan to value ratio (expressed as a percentage) greater than 95 per cent.;

(f) the inclusion of the Additional Loan will not cause the weighted average loan to value ratio (expressed as a percentage) of the Loans in the Portfolio to exceed 78 per cent.;

(g) no Event of Default shall have occurred which is continuing or remains unwaived;

(h) no Further Sale Period Termination Event has occurred or will occur as a result of the sale and purchase of such Additional Loan;

(i) each Additional Loan must be a Fixed Rate Mortgage, an SVR Mortgage, a Base Rate Tracker Mortgage or a Discount Mortgage, and must not be an Interest-only Loan;

(j) the Issuer has, where required, entered into appropriate hedging arrangements in respect of such Additional Loans;

(k) the aggregate amount of Loans (including, for the avoidance of doubt, Further Advances, Product Switches and Additional Loans) which have been valued on the basis of an automated valuation model does not exceed 40 per cent. of the Current Balance of the Loans comprised in the Portfolio;

(l) the inclusion of the Additional Loan would not cause the yield on all Base Rate Tracker Mortgages and Discount Mortgage Loans to be lower than a rate equivalent to the base rate then published by the Bank of England plus 0.8 per cent.;

(m) the inclusion of the Additional Loan would not cause the yield on all SVR Mortgages to be lower than a rate equivalent to the base rate then published by the Bank of England plus 2.0 per cent.;

(n) the inclusion of the Additional Loan would not cause the yield on all Fixed Rate Mortgages to be lower than a rate equivalent to SONIA plus 0.8 per cent. cent., after taking into account the Fixed Rate Swap;

(o) the inclusion of the Additional Loan would not cause the aggregate Current Balance of all Base Rate Tracker Mortgages and Discount Mortgage Loans in the Portfolio to exceed 10 per cent. of the aggregate Current Balance of all Loans comprised in the Portfolio on the date such Loan is included in the Portfolio; and

(p) if such Loan is a Fixed Rate Loan, the fixed rate term is not longer than five years and six months (such term determined from the date the Additional Loan is included in the Portfolio).

Governing Law

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

Servicing Agreement

Introduction

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

On or about the Closing Date, the Servicer will be appointed by the Issuer. 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 delegate all or any of its obligations as Servicer subject to and in accordance with the terms thereof including re-transfer to the Seller of the servicing of certain Loans where the Borrower under such Loan is vulnerable or where the situation

otherwise merits sensitive handling. 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 in accordance with the Seller's servicing, arrears and enforcement processes, policies and procedures forming part of the Seller's policy from time to time as they apply to those Loans (the "**Seller's Policy**");

(b) calculate on each Business Day, based upon balances obtained from the Collection Account Bank, amounts of cleared funds available to be transferred to the Relevant Deposit Account and on the same Business Day to instruct the Collection Account Bank to make transfers of such amounts to the Relevant Deposit Account;

(c) deliver to the Issuer and the Cash Manager a report in a prescribed form in order to meet the Bank of England's Discount Window Facility requirements for residential mortgage backed securities;

(d) deliver certain other reports to the Cash Manager, the Issuer and (upon request) the Seller;

(e) assess and service any Capitalisation in accordance with the Capitalisation Policy as it applies to the relevant Loans from time to time;

(f) provide the Services in such manner and with the same level of skill, care and diligence as would a Reasonable, Prudent Mortgage Lender;

(g) comply with any proper directions, orders and instructions which the Issuer or (following the 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 and, in the event of any conflict, those of the Security Trustee shall prevail;

(h) maintain all approvals, authorisations, permissions, consents and licences considered from time to time by the Servicer as required for itself in connection with the performance of the Services under the Servicing Agreement and to perform or comply with its obligations under the Servicing Agreement, and to prepare and submit on a timely basis all necessary applications and requests for any further approvals, authorisations, permissions, registrations, consents and licences considered from time to time by the Servicer as required for itself in connection with the performance of the Services under the Servicing Agreement, including

without limitation any necessary notification under the Data Protection Act 2018 and any authorisation and permissions under the FSMA to the extent applicable;

(i) not knowingly fail to comply with any legal or regulatory requirements in the performance of the Services, including without limitation any rules of the FCA in MCOB or otherwise;

(j) 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 required by law;

(k) at all times perform its obligations in the UK;

(l) not without the prior written consent of the Security Trustee amend or terminate any of the Transaction Documents to which the Servicer is a party in any material respect save in accordance with their terms;

(m) promptly upon determining that a breach of a Loan Warranty is likely to have a material adverse effect on the value of the relevant loan (for the purposes of the Mortgage Sale Agreement, a "**Relevant Breach**"), notify the Issuer in writing of such event;

(n) deliver to the Issuer, the Back-Up Servicer Facilitator 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);

(o) provide to the Cash Manager reports (as described more fully in the Servicing Agreement) and such other related data or information as the Cash Manager may reasonably request; and

(p) comply with the Seller's Policies.

"**Capitalisation**" means an arrangement to manage Arrears, which involves "zero-ising" the balance of Arrears and allowing that amount to be cleared over the remaining term of the Loan.

"**Capitalisation Policy**" means the section of the Seller's Policy relating to the capitalisation of Arrears, as such policy applies to the relevant Loans from time to time.

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 the standard variable rate applicable to SVR Mortgages in the Portfolio (the "**Issuer Standard Variable Rate**").

Prior to the occurrence of a Perfection Event, the Servicer will, on each Rate Fixing Date, set the Issuer Standard Variable Rate applicable to any Loans at the same level as the Seller Standard Variable Rate which applies to similar loans beneficially owned by the Seller outside the Portfolio.

"**Rate Fixing Dates**" means the first Business Day of March, June, September and December.

"**Seller Standard Variable Rate**" means the relevant standard variable rate set by the Seller in relation to SVR Mortgages beneficially owned by the Seller on the Seller's residential mortgage book.

Compensation of the Servicer

The Servicer receives a fee for servicing the Loans and their Related Security. The Issuer pays to the Servicer a servicing fee (exclusive of any applicable VAT), being the aggregate of:

(a) in relation to each Collection Period, a fee calculated on the basis of the number of days elapsed (for which the Servicer was performing the Services) in a 365 day year (or 366 day year in a leap year) at the rate of 0.0875 per cent. per annum on the aggregate average Current Balance of all Loans comprising the Portfolio as at the close of business on the last calendar day of each Collection Period, the average balance to be calculated as total Current Balance of all Loans comprising the Portfolio on the first day of the Collection Period *plus* the total Current Balance of all Loans comprising the Portfolio on the last day of the Collection Period divided by two;

(b) £50 per Loan which is in Arrears per month, charged once per Collection Period, with such calculation notified in writing to the Issuer, the Security Trustee and the Cash Manager within seven Business Days of the end of each Collection Period;

(c) £100 per Loan which has been repaid in full during a Collection Period, with such calculation notified in writing to the Issuer, the Security Trustee and the Cash Manager within seven Business Days of the end of each Collection Period in which such repayment occurred;

(d) £2,854.50 per sale of Additional Loans on a Further Sale Date if such Further Sale Date is not the first Business Day of a month, provided that where more than one Additional Loan is sold on the same Further Sale Date it shall be considered as one sale; and

(e) £2,118 per sale of Additional Loans on a Further Sale Date if such Further Sale Date is on the first Business Day of a month, provided that where more than one Additional Loan is sold on the same Further Sale Date it shall be considered as one sale.

The fee is payable quarterly in arrear on each Interest Payment Date in the manner contemplated by and in accordance with the applicable Priority of Payments.

Removal or Resignation of the Servicer

The Issuer (subject to the prior written consent of the Security Trustee) or (following the service of a Note Acceleration Notice) 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:

- the Servicer defaults in the payment on the due date of any payment due and payable by it under the Servicing Agreement or any other Transaction Document to which it is a party 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 (after the delivery of a Note Acceleration Notice) the Security Trustee 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 or any other Transaction Document to which it is a party, which (i) in the opinion of the Note Trustee (prior to the delivery of a Note Acceleration Notice) or the opinion of the Security Trustee (after the delivery of a Note Acceleration Notice) (acting on the instructions of the Note Trustee) is materially prejudicial to the interests of the Noteholders of any Class (which determinations shall be conclusive and binding on all other Secured Creditors) or (ii) if there are no Notes then outstanding, all the

other Secured Creditors confirm in writing to the Security Trustee, is materially prejudicial to their interests, 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 (following the service of a Note Acceleration Notice) the Security Trustee requiring the same to be remedied, provided however, that where the relevant default and receipt of notice of such default occurs as a result of a default by any person to whom the Servicer has sub-contracted or delegated part of its obligations hereunder, such default shall not constitute a Servicer Termination Event if, within such period of 30 Business Days, the Servicer terminates the relevant sub-contracting or delegation arrangements and takes such steps as the Issuer or (following the service of a Note Acceleration Notice) the Security Trustee may in its reasonable discretion specify to remedy such default and/or to indemnify and/or secure and/or pre-fund the Issuer and/or the Security Trustee to its satisfaction (as applicable) against the consequences of such default;

- an Insolvency Event occurs in relation to the Servicer; or

- the Issuer ceases to have any interest in the Portfolio.

Upon service of a notice of termination of the appointment of the Servicer due to the occurrence of a Servicer Termination Event, then the Issuer will use reasonable endeavours (with the assistance of the Back-Up Servicer Facilitator) to appoint a substitute servicer with suitable experience and qualifications as specified in the Servicing Agreement.

Subject to the fulfilment of a number of conditions, the Seller may terminate the Servicing Agreement or the Servicer may voluntarily resign by giving not less than three months' written notice to the Security Trustee and the other parties to the Servicing Agreement provided that a substitute servicer qualified to act as such under the FSMA with experience of servicing residential mortgages in England and Wales has been appointed and enters into a servicing agreement with the Issuer substantially on the same terms as the Servicing Agreement and such appointment to be effective not later than the date of such termination. The resignation of the Servicer is conditional on the then current ratings of the Class A Notes issued by the Issuer not being withdrawn, qualified or downgraded as a result of such termination, unless the termination is otherwise agreed by an Extraordinary Resolution of the holders of the Class A Notes. Following resignation, the substitute servicer shall assume and perform all the duties and obligations of the Servicer on substantially the same terms as the Servicing Agreement.

If the appointment of the Servicer is terminated or the Servicer resigns, the Servicer must deliver the Title Deeds and Loan Files relating to the Loans comprised in the Portfolio in its possession to, or at the direction of, the Issuer. Unless terminated earlier pursuant to its terms, 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.

Liability of the Servicer

The Servicer will indemnify the Seller, the Issuer and the Security Trustee for any Liability suffered or incurred by the Seller, the Issuer and/or the Security Trustee in respect of any breach on the part of the Servicer (or any of its subcontractors or delegates) of its duties in carrying out its functions as Servicer under the Servicing Agreement or the other Transaction Documents (including, for the avoidance of doubt, a breach by the Servicer or its subcontractor or delegate in respect of any legal, regulatory or governmental requirements that brings about a Liability to be suffered or incurred by the Seller, the Issuer and/or the Security Trustee) or as a result of the Servicer's fraud, negligence or wilful default.

Without prejudice to such indemnity, the Servicer will not be liable in respect of any losses suffered by the Issuer and/or the Security Trustee and/or any other person as a result of the proper performance of the Services by the Servicer save where such loss is a result of any negligence, fraud or wilful default of the Servicer or as a result of a breach by the Servicer of the terms and provisions of the Servicing Agreement or the other Transaction Documents.

The annual aggregate liability of the Servicer (whether in contract, tort (including negligence), for breach of statutory duty or otherwise, arising out of or in connection with the Servicing Agreement or the other Transaction Documents) will not exceed an amount equal to 200 per cent. of the Servicing Fee paid or payable in the relevant contract year. However, any limitation on such liability, corresponding to the annual aggregate liability of the Servicer, will not apply in the case of its fraud or fraudulent misrepresentation, its wilful misconduct and any other matter for which an exclusion of liability is prohibited or would be void or unenforceable by law.

"**Irrecoverable VAT**" means any amount in respect of VAT incurred by a party to the Transaction Documents (for the purposes of this definition, a "**Relevant Party**") as part of a payment in respect of which it is entitled to be reimbursed or indemnified under the relevant Transaction Documents to the extent that the Relevant Party does not or will not receive and retain a credit or repayment of such VAT as input tax (as that expression is defined in section 24(1) of the Value Added Tax Act 1994).

"**Liability**" means, in respect of any person, any loss, damage, cost, charge, award, claim, demand, fee, expense, judgment, action, proceeding or other liability including, but without limitation, legal costs and expenses properly incurred (including, in each case, Irrecoverable VAT in respect thereof).

Back-Up Servicer Facilitator

Upon the giving of notice of termination of the appointment of the Servicer due to the occurrence of a Servicer Termination Event, the Back-Up Servicer Facilitator shall use its best efforts to identify, on behalf of the Issuer or the Servicer, as the case may be, a suitable substitute servicer.

Governing Law

The Servicing Agreement and any non-contractual obligations arising out of or in connection with it will be governed by English law and will be made by way of deed.

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 Note Purchase Agreement, the Trust Deed 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

Loans and the 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 assigned to the Issuer pursuant to the Mortgage Sale Agreement;

(d) 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 maintained with the Account Banks and any sums standing to the credit thereof;

(e) a charge by way of first fixed charge (which may take effect as a floating charge) over the Issuer's interest in all Authorised Collateral Investments and Authorised Investments permitted to be made by the Issuer or the Cash Manager on its behalf; and

(f) 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.

"**Authorised Collateral Investments**" means:

(a) except in the case of funds standing to the credit of the General Reserve Fund, money market funds that meet the European Securities and Markets Authority ("**ESMA**") Short-Term Money Market Fund definition, set out in Guideline reference 10-049 of the Committee for European Securities Regulators (provided, for the avoidance of doubt, that any such fund must hold an Aaa-mf money market fund rating from Moody's), or money market funds that hold Aaa-mf (or equivalent) money market fund ratings from Moody's, 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;

(c) sterling demand or time deposits, certificates of deposit and short-term debt obligations (including commercial paper); and

(d) euro or U.S. dollar demand or time deposits,

provided that:

(i) in the case of paragraphs (b), (c) and (d) above, such investments have a maturity date falling on or before the next following Interest Payment Date in respect of the Notes;

(ii) with respect to securities and deposit investments specified under paragraphs (b), (c) and (d) above, with respect to investments with a maturity date of less than 90 days, the issuing or guaranteeing entity or the entity with which the demand or time deposits are made (being an authorised person under the FSMA) has (A) "Issuer Default Ratings" of at least F1 short-term or A long-term by Fitch, and (B) short-term unsecured, unguaranteed and unsubordinated debt obligations of at least P-1 by Moody's or long-term unsecured, unguaranteed and unsubordinated debt obligations of at least A2 by Moody's;

(iii) with respect to securities and deposit investments specified under items (b), (c) and (d) above, with respect to investments with a maturity date of 90 days or more, the issuing or guaranteeing entity or the entity with which the demand or time

deposits are made (being an authorised person under the FSMA) has (A) "Issuer Default Ratings" of at least F1+ short-term or AA- long-term by Fitch, and (B) short-term unsecured, unguaranteed and unsubordinated debt obligations of at least P-1 by Moody's or long-term unsecured, unguaranteed and unsubordinated debt obligations of at least A2 by Moody's; and

(iv) in all cases such investments do not, nor could they, consist, in whole or in part, actually or potentially, of tranches of other asset-backed securities, credit-linked notes, swaps or other derivatives instruments or synthetic securities.

"**Authorised Investments**" means:

(a) except in the case of funds standing to the credit of the General Reserve Fund, money market funds that meet the European Securities and Markets Authority ("**ESMA**") Short-Term Money Market Fund definition, set out in Guideline reference 10-049 of the Committee for European Securities Regulators (provided, for the avoidance of doubt, that any such fund must hold an Aaa-mf money market fund rating from Moody's and, if rated by Fitch, AAA-mf from Fitch), or money market funds that hold Aaa-mf (or equivalent) money market fund ratings from at least two internationally recognised rating agencies, respectively, including, 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:

(i) in the case of paragraphs (b) and (c) above, such investments have a maturity date falling on or before the next following Interest Payment Date in respect of the Notes;

(ii) with respect to securities and deposit investments specified under paragraphs (b) and (c) above, with respect to investments with a maturity date of less than 30 days, the issuing or guaranteeing entity or the entity with which the demand or time deposits are made (being an authorised person under the FSMA) has (A) "Issuer Default Ratings" of at least F1 short-term or A long-term by Fitch, and (B) short-term unsecured, unguaranteed and unsubordinated debt obligations of at least P-1 by Moody's or long-term unsecured, unguaranteed and unsubordinated debt obligations of at least A2 by Moody's;

(iii) with respect to securities and deposit investments specified under paragraphs (b) and (c) above, with respect to investments with a maturity date of 30 days or more but less than 90 days, the issuing or guaranteeing entity or the entity with which the demand or time deposits are made (being an authorised person under the FSMA) has (A) "Issuer Default Ratings" of at least F1+ short term of AA- long term by Fitch, and (B) short-term unsecured, unguaranteed and unsubordinated debt obligations of at least P-1 by Moody's or long-term unsecured, unguaranteed and unsubordinated debt obligations of at least A2 by Moody's;

(iv) with respect to securities and deposit investments specified under paragraphs (b) and (c) above, with respect to investments with a maturity date of 90 days or more, the issuing or guaranteeing entity or the entity with which the demand or time deposits are made (being an authorised person under the FSMA) has (A) "Issuer

Default Ratings" of at least F1+ short-term or AA- long-term by Fitch, and (B) short-term unsecured, unguaranteed and unsubordinated debt obligations of at least P-1 by Moody's or long-term unsecured, unguaranteed and unsubordinated debt obligations of at least Aa3 by Moody's; and

(v) in all cases such investments do not, nor could they, consist, in whole or in part, actually or potentially, of tranches of other asset-backed securities, credit-linked notes, swaps or other derivatives instruments or synthetic securities.

"**Issuer Power of Attorney**" means each of the power of attorney granted by the Issuer in favour of the Security Trustee under the Deed of Charge on the Closing Date and the power of attorney granted by the Issuer in favour of the Servicer under the Servicing Agreement on the Closing Date, and "**Issuer Powers of Attorney**" shall be construed accordingly.

"**Secured Creditors**" means the Security Trustee, the Note Trustee, any Receiver, any Appointee of the Note Trustee or the Security Trustee, the Noteholders, the Seller, the Servicer, the Cash Manager, the BNYM Account Bank, the Co-op Account Bank, the Back-Up Servicer Facilitator, the Back-Up Cash Manager Facilitator (if any), the Back-Up Cash Manager, the Corporate Services Provider, the Paying Agents, the Registrar, the VFN Registrar, the Agent Bank, the Fixed Rate Swap Provider and any other person who is expressed in any deed supplemental to the Deed of Charge to be a secured creditor.

"**Secured Obligations**" means any and all of the monies and liabilities which the Issuer covenants to pay or discharge under Clause 2 of the Deed of Charge and all other amounts owed by it to the Secured Creditors under and pursuant to the Transaction Documents.

"**Seller Power of Attorney**" means the power of attorney granted by the Seller in favour of the Issuer and the Security Trustee on the Closing Date substantially in the form set out in Schedule 3 to the Mortgage Sale Agreement, and the power of attorney granted by the Seller in favour of the Servicer on the Closing Date substantially in the form set out in Schedule 4 to the Servicing Agreement, and "**Seller Powers of Attorney**" shall be construed accordingly.

"**Transaction Documents**" means the Servicing Agreement, the Agency Agreement, the Co-op Bank Account Agreement, the BNYM Bank Account Agreement, the Cash Management Agreement, the Back-Up Cash Management Agreement, the Replacement Cash Management Agreement, the Corporate Services Agreement, the Deed of Charge (including any other documents entered into pursuant to the Deed of Charge), the Collection Account Declaration of Trust, the Share Trust Deed, the Issuer Powers of Attorney, the Master Definitions and Construction Schedule, the Mortgage Sale Agreement (including any other documents entered into pursuant to the Mortgage Sale Agreement), the Seller Powers of Attorney, the Trust Deed, the Conditions, the Fixed Rate Swap Agreement 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 (including any agreements governing a Swap Collateral Account).

The floating charge created by the Deed of Charge may "crystallise" and become a fixed charge over the relevant class of assets owned by the Issuer at the time of crystallisation. Crystallisation will occur automatically (subject to applicable law) following the occurrence of specific events set out in the Deed of Charge, including, among other events, when an Event of Default occurs, where crystallisation will occur on the appointment of an administrative receiver or a 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 Priorities 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 Deposit Accounts as described in "*Cashflows – Application of Available Revenue Receipts prior to the service of a Note Acceleration Notice on the Issuer*" and "*Application of Available Principal Receipts prior to the service of a Note Acceleration Notice on the Issuer*" below.

Post-Acceleration Priority of Payments

After the Note Trustee has served a Note Acceleration Notice (which has not been revoked) on the Issuer pursuant to Condition 10 (*Events Of Default*) of the Notes, 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*" below.

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 to the Class A Noteholders as set out in the order of the relevant Priority of Payments) or the Security Trustee is of the opinion that the cashflow prospectively recoverable 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 as set out in the order of the relevant Priority of Payments), which opinion shall be binding on the Secured Creditors and reached after considering at anytime 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.

Governing Law

The Deed of Charge and any non-contractual obligations arising out of or in connection with it will be governed by English law.

Trust Deed

On or about the Closing Date, the Issuer 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 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/removal of Note Trustee

The Note Trustee may retire at any time upon giving not less than 60 days' notice in writing to the Issuer without giving any reason therefor and without being responsible for any Liabilities incurred by reason of such retirement. The holders of the Class A Notes 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 or removal of the Note Trustee shall not become effective unless there remains a trustee (being a Trust Corporation) in office after such retirement or removal. 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 reasonably practicable thereafter and if, after 60 days from the date the Note Trustee gives its notice of retirement, or the date of such Extraordinary Resolution of the Class A Noteholders, the Issuer has not appointed such replacement, the Note Trustee will be entitled to procure that a new trustee (being a Trust Corporation) be appointed.

"**Trust Corporation**" means a corporation entitled by rules made under the Public Trustee Act 1906 to carry out the functions of a custodian trustee.

Governing Law

The Trust Deed and any non-contractual obligations arising out of or in connection with it will be governed by English law.

Agency Agreement

On or prior to the Closing Date, the Issuer, the Note Trustee, the Principal Paying Agent, the Agent Bank, the Registrar, the 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 and any non-contractual obligations arising out of or in connection with it will be governed by English law.

Cash Management Agreement

On the Closing Date, the Cash Manager, the Issuer, the Seller, the Servicer and the Security Trustee will enter into 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 Deposit Accounts and the Swap Collateral Account (if any). In addition, the Cash Manager will perform various services as set out more fully in the Cash Management Agreement, including the following:

(a) apply, or cause to be applied, Available Revenue Receipts and Available Principal Receipts in accordance with the relevant Priority of Payments;

(b) calculate any Class A Target Amortisation Amount Shortfall on each Calculation Date and to calculate the Required Retained Amount and Excess Principal Amount on any Further Sale Date;

(c) record credits to, and debits from, the General Reserve Ledger, the Retained Principal Ledger, the Class B VFN Drawdown Ledger, the Principal Deficiency Ledgers, the Principal Ledger, the Revenue Ledger, the Swap Provider Fee Amount Ledger, the Issuer Fee Amount Ledger, the Co-op Collateral Account Ledger, the Swap Collateral Ledger (if any) and the Issuer Profit Amount Ledger as and when required;

(d) provide the Issuer (or the Servicer on its behalf) any information that it has which is required by the Issuer (or the Servicer on its behalf) for the purposes of determining compliance with the Loan Warranties, Asset Conditions or Additional Loan Conditions;

(e) make payments of the consideration for an Additional Loan (during the Further Sale Period) or a Further Advance to the Seller;

(f) make a drawing under any VFN as required, including, without limitation, any drawing required to fund the Further Advance Purchase Price;

(g) for each Determination Period (i) calculate the Interest Determination Ratio, the Calculated Revenue Receipts and the Calculated Principal Receipts for such Determination Period and (ii) upon receipt by the Cash Manager of the relevant Servicer Reports in respect of such Determination Period, reconcile the calculations to the actual collections set out in such Servicer Report by allocating the Reconciliation Amount in accordance with the Cash Management Agreement;

(h) make any determinations required to be made by the Issuer under the Fixed Rate Swap Agreement;

(i) pay Excess Amounts to the Seller and make related debit entries on the Make-Whole Ledger; and

(j) *inter alia*, perform certain 'risk mitigation techniques' and reporting on behalf of the Issuer as required in accordance with the requirements of EMIR.

In addition, the Cash Manager will:

(a) maintain the following ledgers (the "**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 Available Revenue Receipts received by the Issuer and distribution of the same in accordance with the relevant Priority of Payments;

(iii) the "**General Reserve Ledger**" which will record amounts credited to the general reserve fund (the "**General Reserve Fund**") on the Closing Date and withdrawals from the General Reserve Ledger on each Interest Payment Date (see "*Credit Structure – General Reserve Fund and General Reserve Ledger*" below);

(iv) the "**Class B VFN Drawdown Ledger**" which will record (A) amounts funded on any Business Day by the Class B VFN prior to the VFN Commitment Termination Date to be credited to the Class B VFN Drawdown Ledger in accordance with Condition 18.1 (*Class B VFN*) and (B) withdrawals from such ledger on any Business Day to fund any Further Advance Purchase Price (see "*Credit Structure – Class B VFN Drawdown Ledger*" and "*Cashflows – Definition of Available Principal Receipts*" below);

(v) the "**Retained Principal Ledger**" which shall record (i) as a credit (A) all Principal Receipts received by the Issuer prior to a Further Sale Period Termination Event and (B) any Available Principal Receipts paid in accordance with the Pre-Acceleration Principal Priority of Payments and (ii) as debit withdrawals made (X) on each Interest Payment Date to be applied as Available Principal Receipts on such date, with the effect that during the Further Sale Period such amounts shall initially fund any Class A Target Amortisation Amount Shortfall before being applied as Available Principal Receipts on that Interest Payment Date and amounts representing Principal Receipts received and recorded on the Retained Principal Ledger on any day (in the calendar month in which the relevant Interest Payment Date falls) but prior to the Interest Payment Date in that calendar month shall not be applied as Available Principal Receipts on that Interest Payment Date (and shall instead be applied as Available Principal Receipts on the next following Interest Payment Date) and (Y) on a Further Sale Date to be applied towards the purchase price of the relevant Additional Loan(s);

(vi) the "**Principal Deficiency Ledger**" which will record on the appropriate sub-ledger as a debit, deficiencies arising from (i) Losses on the Portfolio as allocated against each of the Classes of Notes referenced above, and/or (ii) any use of Available Principal Receipts on an Interest Payment Date to fund a Revenue Deficiency (see "*Credit Structure – Principal Deficiency Ledger*" below);

(vii) the "**Swap Provider Fee Amount Ledger**" which shall record any Swap Provider Fee Amounts received by the Issuer from the Fixed Rate Swap Provider pursuant to the Fixed Rate Swap Agreement and withdrawals of any Swap Provider Fee Amounts used to repay the Class Z VFN Holder under the Class Z VFN or to the extent that the Class Z VFN has been repaid in full, as Available Revenue Receipts;

(viii) the "**Make-Whole Ledger**" which shall record (i) as a credit, any Make-Whole Payments and any Additional Amounts and (ii) as a debit, any withdrawals of Make-Whole Amounts and Excess Amounts from the Relevant Deposit Account;

(ix) the "**Issuer Fee Amount Ledger**" which shall record any Issuer Fee Amounts received from the proceeds of the Class Z VFN Holder's funding of the Class Z VFN or any payments made by the Seller pursuant to the Mortgage Sale Agreement and any withdrawals to make payments to the Fixed Rate Swap Provider;

(x) the "**Co-op Collateral Account Ledger**" which will record any Co-op Collateral Amounts credited to such ledger and debit any withdrawals of amounts equal to the aggregate Account Bank Defaulted Amount if an Account Bank Non-Payment Event occurs;

(xi) the "**Issuer Profit Amount Ledger**" which shall record, as a credit, amounts retained by the Issuer as profit in accordance with the Pre-Acceleration Revenue Priority of Payments and the Post-Acceleration Priority of Payments; and

(xii) the "**Swap Collateral Ledger**" (if any) which shall record as a credit any Swap Collateral received from the Fixed Rate Swap Provider and any debiting of the same, including, *inter alia*, any Swap Collateral transferred to the Fixed Rate Swap Provider debiting an amount up to the Fixed Rate Defaulted Swap Amount to provide for any Revenue Deficiency as Available Revenue Receipts where the Fixed Rate Swap Provider fails to make a payment to the Issuer in accordance with the terms of the Fixed Rate Swap Agreement and such default is continuing on an Interest Payment Date or an Early Termination Date has been designated in respect of the Fixed Rate Swap Agreement and no replacement swap agreement has been entered into on such Interest Payment Date;

(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) ensure that each Investor Report shall be (i) published on the website http://www.co-operativebank.co.uk/investorrelations/debtinvestors and on Bloomberg, (ii) uploaded to the national storage mechanism at http://www.morningstar.co.uk/uk/NSM, (iii) published on the website European DataWarehouse at https://editor.eurodw.eu/home;

(d) provide the Issuer, the Seller, the Security Trustee, the Noteholders and the Rating Agencies with the Investor Report by no later than 20 Business Days following the relevant Monthly Period End Date and receipt by the Cash Manager of a written request to provide such Investor Report;

(e) at its option, invest monies standing from time to time to the credit of a Deposit Account 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 Deposit Account;

(f) if Swap Collateral is required to be posted by the Fixed Rate Swap Provider in respect of the Fixed Rate Swap Agreement and the Fixed Rate Swap Provider elects to post collateral in the form of cash, establish and maintain (on behalf of the Issuer) one or more Swap Collateral Accounts;

(g) if Swap Collateral is posted in a form other than cash, enter into such documentation as may be reasonably requested by the Issuer in connection with the provision of collateral under the Fixed Rate Swap Agreement, including, without limitation, any documentation relating to the appointment of a custodian and any associated custody agreement to facilitate the posting of such collateral; and

(h) on each Monthly Test Date, test any Loans that have been subject to Further Advances or Product Switches, and test any Additional Loans sold to the Issuer in the previous Monthly Period.

In the event that the BNYM Account Bank is rated at least the Account Bank Rating, the Cash Manager shall assist the Issuer to, within 30 days of the downgrade of the bank that was the last to lose the Account Bank Rating:

(a) open a replacement account with a financial institution (i) having the Account Bank Ratings, and (ii) which is a bank as defined in section 991 of the Income Tax Act 2007 (a "**Replacement Deposit Account**"), and to transfer amounts deposited with the BNYM Account Bank to such Replacement Deposit Account; or

(b) obtain an unconditional guarantee of the obligations of such Account Bank under the relevant Bank Account Agreement from a financial institution where short-term and long-term (as applicable) unsubordinated and unguaranteed debt obligations are rated the Account Bank Ratings.

Under the terms of the Cash Management Agreement, the Cash Manager may, subject to certain provisos, sub-contract or delegate the performance of all or any of its powers and obligations under the Cash Management Agreement to any party whom it reasonably believes is capable of, and experienced in, performing the functions to be given to it.

"**Account Bank Defaulted Amount**" means an amount equal to the amount which would have been paid by the Co-op Account Bank but for the occurrence of an Account Bank Non-Payment Event.

"**Account Bank Non-Payment Event**" means any failure to pay an amount in accordance with the Co-op Bank Account Agreement in the event the same has not been rectified within one Business Day.

Investor Reports and information

Bank of England Reporting

The Seller (as originator) will procure that the Cash Manager prepares and publishes (on behalf of the Seller) an 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 (i) the Seller's website, (ii) uploaded to the national storage mechanism at http://www.morningstar.co.uk/uk/NSM, (iii) published on the website European DataWarehouse at https://editor.eurodw.eu/home and (iv) delivered to the Issuer, the Security Trustee, the Seller and the Rating Agencies by no later than 20 Business Days following receipt by the Cash Manager of written request.

Remuneration of Cash Manager

The Cash Manager will be paid a fee of £20,000 per annum (exclusive of any applicable VAT) for its cash management services under the Cash Management Agreement, such fee to be paid quarterly in arrear on each Interest Payment Date. Each payment will be made in the manner contemplated by and in accordance with the relevant Priority of Payments.

Termination of appointment and replacement of Cash Manager

In certain circumstances the Issuer or (following the service of a Note Acceleration Notice) the Security Trustee may terminate the appointment of the Cash Manager and use reasonable endeavours to appoint the Back-Up Cash Manager or otherwise a substitute cash manager (the identity of which will be subject to the Security Trustee's written approval). Any substitute cash manager will (i) in the

case of the Back-Up Cash Manager, assume the core responsibility for cash management and certain other responsibilities referred to in the Replacement Cash Management Agreement, and (ii) in any other case, be expected to assume substantially similar rights and obligations as the Cash Manager (although the fee payable to the substitute cash manager may be higher). Such circumstances are as follows (each a "**Cash Manager Termination Event**"):

(a) *Non-payment*: default is made by the Cash Manager in the payment, on the due date, of any payment due and payable by it under the Cash Management Agreement and such default (where capable of remedy) continues unremedied for a period of 10 Business Days after the earlier of the Cash Manager becoming aware of such default and receipt by the Cash Manager of written notice from the Issuer or, following service of a Note Acceleration Notice, the Security Trustee, as the case may be, requiring the same to be remedied; or

(b) *Breach of other obligations*: default is made by the Cash Manager in the performance or observance of any of its other covenants and obligations under the Cash Management Agreement, which in the opinion of the Note Trustee (prior to the delivery of a Note Acceleration Notice) or the opinion of the Security Trustee (after the delivery of a Note Acceleration Notice) (acting on the instructions of the Note Trustee) is materially prejudicial to the interests of the Noteholders of any Class (which determinations shall be conclusive and binding on all other Secured Creditors) and such default continues unremedied for a period of 30 Business Days after the earlier of the Cash Manager becoming aware of such default (where capable of remedy) and receipt by the Cash Manager of written notice from the Issuer or the Security Trustee (following the service of a Note Acceleration Notice), as the case may be, requiring the same to be remedied (where capable of remedy); or

(c) *Insolvency Event*: an Insolvency Event occurs with respect to the Cash Manager; or

(d) *No Interest*: the Issuer ceases to have any interest in the Portfolio.

Following the occurrence of a Cash Manager Termination Event, the Back-Up Cash Manager shall assume the provision of the cash management services pursuant to the Replacement 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 losses, liabilities, claims, expenses (including any amounts in respect of applicable VAT (including Irrecoverable VAT) in relation thereto) or damages ("**Cash Manager Loss**") suffered or incurred by it as a direct result of the negligence, fraud or wilful default of the Cash Manager (or any of its sub-contractors or delegates) in carrying out its functions as Cash Manager under 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).

Back-Up Cash Manager

The Issuer shall maintain the appointment of a back-up cash manager and a replacement cash manager so long as a Back-Up Cash Manager Event is subsisting. On the Closing Date, The Bank of New York Mellon, London Branch will be appointed as Back-Up Cash Manager and Replacement Cash Manager.

"**Back-Up Cash Manager Event**" means the Cash Manager's long-term counterparty risk assessment ceases to be at least Baa3 (cr) from Moody's or BBB- by Fitch or, if unavailable, the long-term, unsecured, unguaranteed and unsubordinated debt obligations of the Cash Manager cease to be rated at least Baa3 by Moody's/BBB- by Fitch (or such other long-term rating as is otherwise acceptable).

Governing Law

The Cash Management Agreement and any non-contractual obligations arising out of or in connection with it will be governed by English law.

Back-Up Cash Manager Agreement and Replacement Cash Manager Agreement

The Issuer has appointed the Back-Up Cash Manager pursuant to the Back-Up Cash Management Agreement.

Following the occurrence of certain events (see, among others, the section entitled "*Transaction Overview – Triggers Tables – Non-Rating Triggers Table*" for further information), the appointment of the Cash Manager will be terminated and the Back-Up Cash Manager will be appointed as successor Cash Manager in accordance with the terms of the Back-Up Cash Management Agreement. Pursuant to the Back-Up Cash Management Agreement, the Back-Up Cash Manager has agreed to accept such appointment on the terms of the Replacement Cash Management Agreement.

Governing Law

The Back-Up Cash Management Agreement and Replacement Cash Management Agreement and any non-contractual obligations arising out of or in connection with them will be governed by English law.

The Co-op Bank Account Agreement

Pursuant to the terms of the Co-op Bank Account Agreement entered into on or about the Closing Date between the Issuer, the Co-op Account Bank, the Cash Manager, the Seller and the Security Trustee, the Issuer will maintain with the Co-op Account Bank the Co-op Deposit Account, which will be operated in accordance with the Cash Management Agreement, the Fixed Rate Swap Agreement and the Deed of Charge.

The Issuer will deposit amounts in the Co-op Deposit Account in an amount up to the Co-op Deposit Limit. If amounts standing to the credit of the Co-op Deposit Account would exceed the Co-op Deposit Limit, the Cash Manager shall deposit the amount of any such surplus which it receives in the Relevant Deposit Account.

"**Co-op Deposit Limit**" means:

(a) if the Co-op Deposit Account is paying negative interest, will be limited to zero;

(b) otherwise:

  (i) while the Co-op Account Bank does not have a rating at least equivalent to the Account Bank Rating, will be limited to the total of (1) the Co-op Collateral Amount, and (2) the maximum amount of any unconditional guarantee obtained by The Co-operative Bank of amounts which are not covered by the Co-op Collateral Account from an entity whose short-term and long-term (as applicable) unsubordinated and unguaranteed debt obligations are rated the Account Bank Rating (provided that the Cash Manager shall receive notice of the maximum amount under any such guarantee); or

  (ii) if the Co-op Account Bank does have a rating at least equivalent to the Account Bank Rating, an unlimited amount.

The Cash Manager will deposit in excess of paragraphs (a) and (b)(i) above in the definition of "Co-op Deposit Limit" in another Relevant Deposit Account.

"**Co-op Collateral Amount**" means an amount equal to the amount deposited in a Relevant Deposit Account apart from the Co-op Deposit Account (and recorded on a ledger, the "**Co-op Collateral Account Ledger**", from time to time on that account (the "**Co-op Collateral Account**")) by The Co-operative Bank to collateralise its obligations under the Co-op Bank Account Agreement.

The Co-op Collateral Amount will be £100,000 on the Closing Date.

"**Co-op Deposit Account**" means the deposit account in the name of the Issuer held with the Co-op Account Bank and maintained subject to the terms of the Co-op Bank Account Agreement and the Deed of Charge or such additional or replacement account as may for the time being be in place pursuant to the Cash Management Agreement with the prior consent of the Security Trustee and designated as such.

"**Relevant Deposit Account**" means:

(a) with respect to any transaction or transfer that would not cause the amount standing to the credit of the Co-op Deposit Account to exceed the Co-op Deposit Limit, the Co-op Deposit Account; and

(b) where the amount standing to the credit, or which would stand to the credit, of the Co-op Deposit Account is above the Co-op Deposit Limit:

(i) where the BNYM Account Bank no longer satisfies the Account Bank Rating, a Replacement Deposit Account; or

(ii) where the BNYM Account Bank satisfies the Account Bank Rating:

(A) where the deposit rate applicable to monies held in the BNYM Deposit Account is less than zero per cent. per annum, the Cash Manager will use its reasonable endeavours to open a Replacement Deposit Account where the relevant deposit rate is at least equal to zero per cent. per annum and:

(1) if the Cash Manager has been able to open a Replacement Deposit Account where the deposit rate applicable to monies held in such account is at least zero per cent. per annum, that Replacement Deposit Account; or

(2) if the Cash Manager has not been able to open a Replacement Deposit Account where the deposit rate applicable to monies held in such account is at least zero per cent. per annum, then the BNYM Deposit Account at the discretion of the Cash Manager; or

(B) where the deposit rate applicable to monies held in the BNYM Deposit Account is at least zero per cent. per annum, then the BNYM Deposit Account at the discretion of the Cash Manager.

For the purposes of the definition of "**Relevant Deposit Account**", a BNYM Account Bank termination shall be construed as if that account bank no longer satisfies the Account Bank Rating.

Governing Law

The Co-op Bank Account Agreement and any non-contractual obligations arising out of or in connection with it will be governed by English law.

"**Account Bank Rating**" means:

(a) either a long-term issuer default rating of at least A by Fitch, or a short-term issuer default rating of at least F1 by Fitch; and

(b) a short-term deposit rating of at least P-1 by Moody's,

or such other lower rating which is consistent with the then current rating methodology of the Rating Agencies in respect of the then current ratings of the Notes.

The BNYM Bank Account Agreement

Pursuant to the terms of the BNYM Bank Account Agreement entered into on or about the Closing Date between the Issuer, the BNYM Account Bank, the Cash Manager, the Seller and the Security Trustee, the Issuer will maintain with the BNYM Account Bank the BNYM Deposit Account which will be operated in accordance with the Cash Management Agreement, the Fixed Rate Swap Agreement and the Deed of Charge.

The Cash Manager may deposit amounts in the BNYM Deposit Account as long as it is a Relevant Deposit Account. In the event that the BNYM Deposit Account ceases to have the Account Bank Rating it will cease to be a Relevant Deposit Account and the Cash Manager shall transfer amounts already deposited in the BNYM Deposit Account to a then Relevant Deposit Account.

"**BNYM Deposit Account**" means the deposit account in the name of the Issuer held with the BNYM Account Bank and maintained subject to the terms of the BNYM Bank Account Agreement and the Deed of Charge or such additional or replacement account as may for the time being be in place pursuant to the Cash Management Agreement with the prior consent of the Security Trustee and designated as such.

Governing Law

The BNYM Bank Account Agreement and any non-contractual obligations arising out of or in connection with it will be governed by English law.

The Corporate Services Agreement

On or prior to the Closing Date, *inter alia*, the Issuer, the Corporate Services Provider, the Share Trustee, Holdings and the Seller will enter into 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 and any non-contractual obligations arising out of or in connection with it will be governed by English law.

Other Agreements

For a description of the Fixed Rate Swap Agreement see "*Credit Structure*" below.

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, the Seller, the Originator, the Arranger, Holdings, the Servicer, the Cash Manager, the Back-Up Cash Manager, the Corporate Services Provider, the Back-Up Servicer Facilitator, the Share Trustee, the BNYM Account Bank, the Principal Paying Agent, the Agent Bank, the Registrar, the VFN Registrar, the Note Trustee, the Security Trustee, The Co-operative Bank, 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 the Seller, the Originator, the Arranger, Holdings, the Servicer, the Cash Manager, the Back-Up Cash Manager, the Corporate Services Provider, the Back-Up Servicer Facilitator, the Swap Collateral Account Bank (if any), the Share Trustee, the BNYM Account Bank, the Principal Paying Agent, the Agent Bank, the Registrar, the VFN Registrar, the Note Trustee, the Security Trustee, The Co-operative Bank or by 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 the 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 (f) (inclusive) of the Pre-Acceleration Revenue Priority of Payments. The actual amount of any excess payable under subsequent items 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*" below) 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 (i) Losses on the Portfolio as allocated against each of the Class B VFN and the Class A Notes, and/or (ii) any use of Available Principal Receipts on an Interest Payment Date to fund a Revenue Deficiency.

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 (h) (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 proceeds of the issue of the Class Z VFN on the Closing Date. After the Closing Date, the General Reserve Fund will be replenished up to the General Reserve Required Amount from Available Revenue Receipts in accordance with the provisions of the Pre-Acceleration Revenue Priority of Payments on each Interest

Payment Date. Any amounts standing to the credit of the General Reserve Fund will be applied on each Interest Payment Date as Available Revenue Receipts in accordance with the Pre-Acceleration Revenue Priority of Payments.

The General Reserve Fund will be deposited in the Relevant Deposit Account with a corresponding credit being made to the General Reserve Ledger. The Issuer may invest the amounts standing to the credit of the Relevant Deposit 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*". On the Interest Payment Date immediately following the date on which the rated Notes are redeemed in full, all amounts standing to the credit of the General Reserve Ledger shall be applied as Available Revenue Receipts, and, as of and from such Interest Payment Date, there shall be no obligation to maintain the General Reserve Ledger.

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.

The "**General Reserve Required Amount**" will:

(a) on the Closing Date be an amount equal to 2.5 per cent. of the aggregate Principal Amount Outstanding of the Class A Notes and the Class B VFN as at the Closing Date;

(b) on any Interest Payment Date falling after the Closing Date, be an amount equal to the lower of:

  (i) 2.5 per cent. of the aggregate Principal Amount Outstanding of the Class A Notes and the Class B VFN as at the Closing Date; and

  (ii) 3.0 per cent. of the aggregate Principal Amount Outstanding of the Class A Notes and the Class B VFN as at the Calculation Date immediately preceding that Interest Payment Date; and

(c) from the Interest Payment Date on which the Class A Notes will be redeemed in full pursuant to Condition 7 (*Redemption*), zero.

3. Use of Principal Receipts to pay Revenue Deficiency

On each Calculation Date, the Cash Manager will calculate whether there will be an excess or a deficit of Available Revenue Receipts to pay items (a) to (f) of the Pre-Acceleration Revenue Priority of Payments. If there is a deficit (a "**Revenue Deficiency**"), 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 Receipts Ledger and the Cash Manager shall make a corresponding entry in the relevant Principal Deficiency Ledger, as described in "*Principal Deficiency Ledger*" below, as well as making a debit in the Principal Receipts 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 – Application of Principal Receipts to pay Revenue Deficiency*".

4. Class B VFN Drawdown Ledger

The Cash Manager will maintain the Class B VFN Drawdown Ledger pursuant to the Cash Management Agreement. The Class B VFN Drawdown Ledger will be funded from drawings under the Class B VFN as required by Condition 18.1 (*Class B VFN*). Amounts standing to the credit of the Class B VFN Drawdown Ledger will be applied by the Issuer on each Monthly Pool Date to pay all Further Advance Purchase Prices to the extent not covered by Principal Receipts.

5. Principal Deficiency Ledger

A Principal Deficiency Ledger, comprising two sub-ledgers, known as the "**Class A Principal Deficiency Sub-Ledger**" (relating to the Class A Notes) and the "**Class B Principal Deficiency Sub-Ledger**" (relating to the Class B VFN) (each, a "**Principal Deficiency Sub-Ledger**" and, together, the "**Principal Deficiency Ledger**"), will be established on the Closing Date in order to record any: (i) Losses on the Portfolio as allocated against each of the Classes of Notes referenced above; and/or (ii) use of Available Principal Receipts on an Interest Payment Date to fund a Revenue Deficiency.

Losses or debits recorded on the Class A Principal Deficiency Sub-Ledger shall be recorded in respect of the Class A Notes. Losses or debits recorded on the Class B Principal Deficiency Sub-Ledger shall be recorded in respect of the Class B VFN. Available Revenue Receipts will include recoveries of interest and/or principal from defaulting the Borrowers under Loans in respect of which enforcement procedures have been completed. 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 Losses on the Portfolio and/or the use of Available Principal Receipts to fund a Revenue Deficiency will be recorded:

(a) *first*, to the Class B Principal Deficiency Sub-Ledger up to an amount equal to the Class B Principal Deficiency Limit; and

(b) *second*, to the Class A Principal Deficiency Sub-Ledger up to a maximum of the Principal Amount Outstanding of the Class A Notes.

Amounts allocated to each Principal Deficiency Sub-Ledger shall be reduced to the extent of Available Revenue Receipts available for such purpose on each Interest Payment Date in accordance with the applicable 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.

"**Class B Principal Deficiency Limit**" means the Principal Amount Outstanding of the subscription under the Class B VFN used to fund the Current Balance (calculated as at such corresponding funding date) of the Loans.

"**Losses**" means the aggregate of (a) all realised losses on the Loans which are not recovered from the proceeds following the sale of the Property to which such Loan relates or, if later, upon completion of all relevant enforcement procedures, (b) any loss to the Issuer as a result of an exercise of any set-off by any Borrower in respect of its Loan, and (c) any loss to the Issuer as a result of the Issuer being unable to access funds in the Collection Account due to an Insolvency Event occurring in respect of the Collection Account Bank.

6. Retained Principal Ledger

All Principal Receipts received by the Issuer will be credited to the Principal Ledger during the Further Sale Period. All amounts credited to the Retained Principal Ledger will be applied on each Interest Payment Date (i) towards any Class A Target Amortisation Amount Shortfall and (ii) thereafter, as Available Principal Receipts. 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 also be applied towards the purchase price of the relevant Additional Loan(s) on a Further Sale Date. On any Interest Payment Date, amounts standing to the credit of the Retained Principal Ledger shall be applied as Available Principal Receipts on such date, with the effect that during the Further Sale Period such amounts shall initially fund any Class A Target Amortisation Amount Shortfall before being applied as Available Principal Receipts on that Interest Payment Date (and amounts representing Principal Receipts received and recorded on the Retained Principal Ledger on any day (in the calendar month in which the relevant Interest Payment Date falls) but prior to the Interest Payment Date in that calendar month shall not be applied as Available Principal Receipts on that Interest Payment Date (and shall instead be applied as Available Principal Receipts on the next following Interest Payment Date).

On any Further Sale Date, the Issuer (or the Cash Manager on its behalf) is permitted to apply Excess Principal Amounts towards the purchase price of the relevant Additional Loans and their Related Security on that Further Sale Date. The Cash Manager will calculate the Excess Principal Amounts available on any Further Sale Date by reference to Principal Receipts received as at the last Business Day of the immediately preceding Monthly Period, and by reference to the immediately following Interest Payment Date.

"**Excess Principal Amounts**" means the amount (if any) by which Principal Receipts credited to the Retained Principal Ledger as at the last Business Day of the previous Monthly Period exceeds the relevant Required Retained Amount.

The relevant "**Required Retained Amount**" will be determined as follows:

(a) in respect of any Additional Loans proposed to be purchased by the Issuer from the period commencing on the Closing Date and ending on (and including) 1 December 2019:

  (i) if the Further Sale Date occurs in the period from the Closing Date to (and including) 1 August 2019, an amount equal to one fifth of the Class A Target Amortisation Amount scheduled to be paid on the next Interest Payment Date in accordance with Condition 7.2 (*Mandatory Redemption*);

  (ii) if the Further Sale Date occurs in the period commencing on 2 August 2019 to (and including) 1 September 2019, an amount equal to one fifth of the Class A Target Amortisation Amount scheduled to be paid on the next Interest Payment Date in accordance with Condition 7.2 (*Mandatory Redemption*);

  (iii) if the Further Sale Date occurs in the period commencing on 2 September 2019 to (and including) 1 October 2019, an amount equal to one fifth of the Class A Target Amortisation Amount scheduled to be paid on the next Interest Payment Date in accordance with Condition 7.2 (*Mandatory Redemption*);

(iv) if the Further Sale Date occurs in the period commencing on 2 October 2019 to (and including) 1 November 2019, an amount equal to one fifth of the Class A Target Amortisation Amount scheduled to be paid on the next Interest Payment Date in accordance with Condition 7.2 (*Mandatory Redemption*); and

(v) if the Further Sale Date occurs in the period commencing on 2 November 2019 to (and including) 1 December 2019, an amount equal to one fifth of the Class A Target Amortisation Amount scheduled to be paid on the next Interest Payment Date in accordance with Condition 7.2 (*Mandatory Redemption*);

and

(b) in respect of any Additional Loans proposed to be purchased by the Issuer on and from 2 December 2019:

(i) if the Further Sale Date falls in the first calendar month of a Collection Period, an amount equal to one third of the Class A Target Amortisation Amount scheduled to be paid on the next Interest Payment Date in accordance with Condition 7.2 (*Mandatory Redemption*);

(ii) if the Further Sale Date falls in the second calendar month of a Collection Period, an amount equal to two thirds of the Class A Target Amortisation Amount scheduled to be paid on the next Interest Payment Date in accordance with Condition 7.2 (*Mandatory Redemption*); and

(iii) if the Further Sale Date falls in the third calendar month of a Collection Period, an amount equal to the Class A Target Amortisation Amount scheduled to be paid on the next Interest Payment Date in accordance with Condition 7.2 (*Mandatory Redemption*).

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 (i) the amount by which the sum of the requisite amount for the Issuer to repay the Class A Notes on an Interest Payment Date down to the applicable Class A Target Amortisation Amount for that Interest Payment Date exceeds (ii) the amount of Available Principal Receipts (excluding paragraph (i) of the definition of Available Principal Receipts) after provision of item (a) of the Pre-Acceleration Principal Priority of Payments on the same Interest Payment Date.

7. Make-Whole Ledger

While the Seller is not aware of any remediation issues affecting the Loans and their Related Security as at the date of this Prospectus, the Cash will maintain a ledger (the "**Make-Whole Ledger**") pursuant to the Cash Management Agreement, on which funds constituting Make-Whole Payments will be recorded.

Following the Closing Date the Cash Manager shall on each Interest Payment Date:

(a) ensure that any Additional Amounts are credited to the Make-Whole Ledger upon receipt into the Relevant Deposit Account;

(b) debit the Make-Whole Ledger, in an amount equal to the lesser of the aggregate of the Make-Whole Amounts for the immediately preceding Collection Period and the balance standing to the credit of the Make-Whole Ledger;

(c) deem that the Make-Whole Amounts debited in accordance with paragraph (b) above constitute Loan Principal Received and are applied as Available Principal Receipts on the relevant Interest Payment Date; and

(d) debit the Make-Whole Ledger in an amount equal to the lesser of the Excess Amount (if any) and the balance standing to the credit of the Make-Whole Ledger and pay any Excess Amounts to the Seller as a direct repayment on any Interest Payment Date if so directed by The Co-operative Bank.

The Make-Whole Ledger may be funded from time to time, at the sole discretion of the Seller, in an amount equal to the amount by which the balance of the Make-Whole Ledger falls below the Projected Costs.

"**Additional Amount**" means as at the Calculation Date the greater of zero and the amount by which the Projected Costs exceeds the Make-Whole Payment, deposited by the Seller into the Relevant Deposit Account following prior written notification to the Cash Manager;

"**Excess Amount**" means as at the Calculation Date the greater of zero and the amount by which the Make-Whole Payment exceeds the Projected Costs;

"**Loan Principal Received**" means, in relation to any Calculation Date and any Mortgage, the amount received in respect of that Mortgage during the preceding Collection Period which is determined by the Servicer in accordance with the Servicing Agreement to be of a principal nature;

"**Make-Whole Amount**" means, in relation to a Collection Period, the amount by which the principal balance of a Loan has been permanently written down in the systems of the Servicer in that Collection Period as a result of Remediation Project as at the date of determination;

"**Make-Whole Ledger**" means the ledger of such name maintained by the Cash Manager in accordance with the provisions of this Agreement to record (i) as a credit, any Make-Whole Payments and any Additional Amounts and (ii) as a debit, any withdrawals of Make-Whole Amounts and Excess Amounts from the Relevant Deposit Account;

"**Make-Whole Payment**" means on any date, the aggregate of any Additional Amounts deposited in the Relevant Deposit Account during the preceding Collection Periods by the Seller and recorded on the Make-Whole Ledger minus the sum of (i) the Make-Whole Amounts to be paid on the following Interest Payment Date and (ii) the Excess Amounts paid during the preceding Collection Periods and recorded on the Make-Whole Ledger, in each case as at the Calculation Date;

"**Projected Costs**" means the amount projected by Co-operative Bank as being necessary to remediate each affected Borrower under the Remediation Project most recently notified to the Servicer; and

"**Remediation Project**" means the remediation by the Servicer of affected Borrowers under Loans in relation to certain conduct issues as notified in advance to the Note Trustee in writing from time to time.

8. Available Revenue Receipts and Available Principal 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 relevant Priority of Payments. It is not intended that any surplus will be accumulated in the Issuer, which for the avoidance of doubt 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 or amounts standing to the credit of the General Reserve Ledger.

If, on any Interest Payment Date, the Issuer has insufficient funds to make payment in full of all amounts of interest payable in respect of the Class B VFN and/or 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 may in accordance with Condition 17 (Subordination by Deferral) be entitled to defer to the next Interest Payment Date the payment of interest (such interest, the "**Deferred Interest**") in respect of the Class B VFN (unless there are no Class A Notes then outstanding), and/or the Class Z VFN (unless there are no Class A Notes and Class B VFN 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 B VFN and/or the Class Z VFN, as appropriate).

Failure to pay interest on the Class A Notes (or the Class B VFN where the Class A Notes have been redeemed in full, or the Class Z VFN where the Class A Notes and the Class B VFN have been redeemed in full) 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.

9. Interest Rate Risk

Some of the Loans in the Portfolio pay a fixed rate of interest for a period of time. However, the interest rate payable by the Issuer with respect to the Notes is an amount calculated by reference to SONIA.

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) the floating rate interest under the Notes,

the Issuer will enter into the Fixed Rate Swap Transaction with the Fixed Rate Swap Provider under the Fixed Rate Swap Agreement on the Closing Date.

It is not intended that variances between the interest rate on Loans in the Portfolio payable by reference to the Standard Variable Rate will be hedged under the Fixed Rate Swap Agreement, or any other swap agreement. The Fixed 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 Fixed Rate Swap Transaction covers a major share of the interest rate risk present in the context of the Notes.

Cashflows under the Fixed Rate Swap Transaction Documents

Under the Fixed Rate Swap Transaction, for each Swap Calculation Period falling prior to the termination date of the Fixed Rate Swap Transaction, the following amounts will be calculated:

(a) the amount produced by applying Compounded Daily SONIA for the relevant Swap Calculation Period plus a spread to the Fixed Interest Notional Amount (as defined below) of the Fixed Rate Swap Transaction for such Swap Calculation Period multiplied by the Payment Ratio (as defined below) (the "**Fixed Interest Period Swap Provider Amount**"); and

(b) the amount produced by applying a specified fixed rate to the Fixed Interest Notional Amount of the Fixed Rate Swap Transaction for such Swap Calculation Period multiplied by the Payment Ratio (the "**Fixed Interest Period Issuer Amount**"),

in each case on the basis of the day count fraction specified in the Fixed Rate Swap Transaction.

After these two amounts are calculated in relation to a Swap Payment Date, the following payments will be made on that Swap Payment Date:

(a) if the Fixed Interest Period Swap Provider Amount for that Swap Payment Date is greater than the Fixed Interest Period Issuer Amount for that Swap Payment Date, then the Fixed Rate Swap Provider will pay an amount equal to the amount by which the Fixed Interest Period Swap Provider Amount exceeds the Fixed Interest Period Issuer Amount to the Issuer;

(b) if the Fixed Interest Period Issuer Amount for that Swap Payment Date is greater than the Fixed Interest Period Swap Provider Amount for that Swap Payment Date, then the Issuer will pay an amount equal to the amount by which the Fixed Interest Period Issuer Amount exceeds the Fixed Interest Period Swap Provider Amount to the Fixed Rate Swap Provider; and

(c) if the two amounts are equal, neither party will make a payment to the other.

For the purposes of calculating both the Fixed Interest Period Issuer Amount and Fixed Interest Period Swap Provider Amount in respect of a Swap Calculation Period, the notional amount (the "**Fixed Interest Notional Amount**") of the Fixed Rate Swap Transaction in respect of such Swap Calculation Period will be, for each Swap Calculation Period (other than the first Swap Calculation Period), an amount in Sterling equal to the aggregate Current Balance of the Fixed Rate Loans in the Portfolio on the last calendar day of the calendar month immediately preceding the start of that Swap Calculation Period, as adjusted (subject always to a cap as set out in the Fixed Rate Swap Agreement) to reflect any Product Switches, Further Advances, purchases of Additional Loans and repurchases by the Seller in accordance with the Mortgage Sale Agreement that take effect on the Monthly Pool Date immediately preceding the start of such Swap Calculation Period (if applicable). In respect of the first Swap Calculation Period, the notional amount of the Fixed Rate Swap Transaction will be an amount in Sterling equal to the aggregate Current Balance of the Fixed Rate Loans in the Closing Date Portfolio as at the Closing Date Portfolio Selection Date as adjusted for any non-compliance with the Loan Warranties and redemptions on or prior to the Closing Date.

If a payment (other than a Net Payment as described below) is to be made by the Fixed Rate Swap Provider, that payment will be included in the Available Revenue Receipts and will be

applied on the relevant Swap Payment Date according to the relevant Priority of Payments. If a payment (other than a Net Payment as described below) is to be made by the Issuer, it will be made according to the relevant Priority of Payments of the Issuer.

In addition to the scheduled payment and Early Termination Event provisions described below, if any back-to-back swap arrangement relating to the Fixed Rate Swap Transactions governed by the Fixed Rate Swap Agreement is terminated, and (i) a Loan in the Portfolio is subject to a Product Switch; (ii) a Loan in the Portfolio is subject to a Further Advance; or (iii) any Additional Loans and their Related Security are purchased by the Issuer, an amount (the "**Net Payment**") equal to the change in value of the applicable Fixed Rate Swap Transaction prior to the occurrence of such events and after may be payable either:

(a) by the Issuer to the Fixed Rate Swap Provider (such payment, an "**Issuer Fee Amount**"); or

(b) by the Fixed Rate Swap Provider to the Issuer (such payment, a "**Swap Provider Fee Amount**").

Any Swap Provider Fee Amount received by the Issuer shall be used to repay the Class Z VFN until the Class Z VFN is redeemed in full. Any excess Swap Provider Fee Amount following the redemption in full of the Class Z VFN will be applied as Available Revenue Receipts.

"**Payment Ratio**" means, in respect of a Swap Calculation Period, the ratio of X/Y, where:

X = is the Fixed Interest Notional Amount for such Swap Calculation Period minus the aggregate Current Balance of the Fixed Rate Loans in the Portfolio that are three or more months in arrears (by balance) at the Collection Period End Date immediately preceding such Swap Calculation Period; and

Y = is the Fixed Interest Notional Amount for such Swap Calculation Period.

Ratings Downgrade of Fixed Rate Swap Provider

Under the terms of the Fixed Rate Swap Agreement, in the event that the relevant rating(s) of the Fixed Rate Swap Provider assigned by a Rating Agency is below the rating specified in the Fixed Rate Swap Agreement (in accordance with the requirements of the Rating Agencies) (the "**Required Fixed Rate Swap Rating**"), the Fixed Rate Swap Provider will, in accordance with the Fixed Rate Swap Agreement, be required to elect to take certain remedial measures within the timeframe stipulated in the Fixed Rate Swap Agreement and at its own cost which may include providing collateral for its obligations under the Fixed Rate Swap Agreement, arranging for its obligations under the Fixed Rate Swap Agreement to be transferred to an entity with the Required Fixed Rate Swap Ratings, or procuring another entity with the Required Fixed Rate Swap Ratings to become co-obligor or guarantor, as applicable, in respect of its obligations under the Fixed Rate Swap Agreement. A failure to take such steps will allow the Issuer to terminate the Fixed Rate Swap Agreement.

Termination of Fixed Rate Swap Agreement

Each Fixed Rate Swap Transaction may be terminated in certain circumstances, including the following, each as more specifically defined in the Fixed Rate Swap Agreement (an "**Early Termination Event**"):

(a) if there is a failure by a party to pay amounts due under the Fixed Rate Swap Agreement and any applicable grace period has expired;

(b) if certain insolvency events occur with respect to a party;

(c) if a material misrepresentation is made by the Fixed Rate Swap Provider under the Fixed Rate Swap Agreement;

(d) if a breach of a provision of the Fixed Rate Swap Agreement by the Fixed Rate Swap Provider is not remedied within the applicable grace period;

(e) if a change of law results in the obligations of one of the parties becoming illegal;

(f) in certain circumstances, if a deduction or withholding for or on account of taxes is imposed on payments under the Fixed Rate Swap Agreement;

(g) if the Fixed Rate Swap Provider is downgraded and fails to comply with the requirements of the downgrade provisions contained in the Fixed Rate Swap Agreement and described above in the section "*Ratings Downgrade of Fixed Rate Swap Provider*" 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 Notes pursuant to Condition 7.4 (*Optional Redemption for Taxation or Other Reasons*) of the Notes; and

(j) if any of the Transaction Documents is amended (other than with the prior written consent of the Fixed Rate Swap Provider) such that the Fixed Rate Swap Provider would be reasonably required to pay more or receive less under the Fixed Rate Swap Agreement.

Under the terms of the Fixed Rate Swap Agreement, upon an early termination of a Fixed Rate Swap Transaction, depending on the type of Early Termination Event and circumstances prevailing at the time of termination, the Issuer or the Fixed Rate Swap Provider may be liable to make a termination payment to the other. This termination payment will be calculated and made in Sterling. The amount of any termination payment will be based on the market value of the terminated Fixed Rate Swap Transaction in each case 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.

Depending on the terms of the Fixed Rate Swap Transaction and 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.

The Issuer will apply any termination payment it receives on a termination of the Fixed Rate Swap Transaction first to purchase a replacement fixed rate swap in accordance with the Swap Collateral Account Priority of Payments. To the extent that the Issuer receives any premium under such replacement swap, it shall apply such premium first to make any termination payment under the related terminated swap.

Taxation

The Issuer is not obliged under the Fixed Rate Swap Agreement to gross up payments made by it if a withholding or deduction for or on account of taxes is imposed on payments made under any Fixed Rate Swap Transaction under the Fixed Rate Swap Agreement.

The Fixed 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 Fixed Rate Swap Agreement. However, if the Fixed Rate Swap Provider is required to gross up a payment under the Fixed Rate Swap Agreement due to a change in the law, the Fixed Rate Swap Provider may terminate the Fixed Rate Swap Agreement.

Estimations and Reconciliations

Where no Investor Report or other relevant information on the basis of which the notional amount of the Fixed Rate Swap Transactions would ordinarily be determined has been received, in respect of any Collection Period, the Fixed Interest Notional Amount will be estimated by the Cash Manager by reference to the change in the notional amount of each Fixed Rate Swap Transaction over the three most recent Swap Calculation Periods thereunder (or, where there are not at least three previous Swap Calculation Periods, fewer than three Swap Calculation Periods) or other relevant available information (including any information in respect of Loans, the interest in relation to which is scheduled to change from a fixed to a floating rate in the course of such Collection Period).

If a Servicer Report or such other relevant information is delivered in respect of any subsequent Collection Period, then (a) the Fixed Interest Notional Amount will be calculated by the Cash Manager on the basis of the information in such Servicer Report or such other relevant information and (b) one or more reconciliation payments may be required to be made, either by the Issuer or by the Fixed Rate Swap Provider in respect of each Fixed Rate Swap Transaction, in order to account for any overpayment(s) or underpayment(s) made in respect of such Fixed Rate Swap Transaction during the relevant period of estimations.

Governing Law

The Fixed Rate Swap Agreement and any non-contractual obligations arising out of or in connection with it will be governed by English law.

Replacement of the Fixed Rate Swap Agreement

Replacement upon early termination

In the event that the Fixed Rate Swap Agreement is terminated prior to its scheduled termination date, and prior to the service of a Note Acceleration Notice or the redemption in full of all outstanding Notes, the Issuer shall use its reasonable efforts to enter into a replacement fixed rate swap agreement. There can be no assurance that the Issuer will be able to enter into a replacement fixed rate swap agreement or, if one is entered into, as to the terms of the replacement fixed rate swap agreement or the credit rating of the replacement swap provider.

Depending on the circumstances prevailing in the market at the time, the Issuer or the replacement fixed rate swap provider may be liable to pay the Replacement Swap Premium to the other in order to enter into a replacement swap agreement. If a Replacement Swap Premium is payable by the replacement fixed rate swap provider to the Issuer, any such amount received by the Issuer will be credited to any Swap Collateral Account (if established) and applied in accordance with the Swap Collateral Account Priority of Payments. If a Replacement Swap Premium is payable by the Issuer to the replacement swap provider, the Issuer may not have sufficient funds standing to the credit of any

Swap Collateral Account (if established) in order to make such payment in accordance with the Swap Collateral Account Priority of Payments and therefore may be unable to enter into a replacement fixed rate swap agreement.

Replacement in other circumstances

The Seller has the right, at any time upon giving prior notice to the Issuer, the Security Trustee and the Fixed Rate Swap Provider, to require that the Fixed Rate Swap Transaction be transferred or novated by the Fixed Rate Swap Provider to the Seller, *provided that*, *inter alia*, (i) certain requirements of the Rating Agencies (as set out in the Fixed Rate Swap Agreement) are complied with or each of the Rating Agencies confirms that such transfer or novation will not have an adverse effect on the then current ratings of the Class A Notes; and (ii) no unfunded additional amounts (including any swap termination payment) will become payable by the Issuer to the Fixed Rate Swap Provider as a result of such transfer or novation.

Swap Credit Support Annex

On or around the Closing Date, the Fixed Rate Swap Provider will enter into a credit support annex, which shall be a 1995 ISDA Credit Support Annex (Bilateral Form – Transfer), with the Issuer in support of the obligations of the Fixed Rate Swap Provider under the Fixed Rate Swap Agreement (the "**Swap Credit Support Annex**"). Pursuant to the terms of the Swap Credit Support Annex, if at any time the Fixed Rate Swap Provider is required to provide collateral in respect of any of its obligations under the Fixed Rate Swap Agreement, such Swap Credit Support Annex will provide that, from time to time, subject to the conditions specified in the Swap Credit Support Annex and the Fixed Rate Swap Agreement, the Fixed Rate Swap Provider will make transfers of collateral to the Issuer in respect of its obligations under the Fixed Rate Swap Agreement and the Issuer will be obliged to return such collateral in accordance with the terms of the Swap Credit Support Annex.

"**Swap Payment Date**" means, in respect of a Fixed Rate Swap Transaction, each date that corresponds to an Interest Payment Date under the Notes.

CASHFLOWS

Definition of Revenue Receipts

"**Revenue Receipts**" means (a) payments of interest and other fees due from time to time under the Loans (including any Early Repayment Fees) and other amounts received by the Issuer in respect of the Loans other than Principal Receipts, (b) recoveries of interest from defaulting Borrowers under the Loans being enforced, and (c) recoveries of interest and/or principal from defaulting Borrowers under the Loans in respect of which enforcement procedures have been completed.

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 Deposit Accounts and income from any Authorised Investments, in each case, to be received on the last day of the immediately preceding Collection Period;

(c) the amounts standing to the credit of the General Reserve Ledger as at the immediately preceding Calculation Date (to meet any shortfall in Available Revenue Receipts to meet items (a) to (g) (inclusive) of the Pre-Acceleration Revenue Priority of Payments on each Interest Payment Date);

(d) other net income of the Issuer received during the immediately preceding Collection Period, excluding any Principal Receipts (except for amounts deemed to be Available Revenue Receipts in accordance with the Pre-Acceleration Principal Priority of Payments);

(e) amounts deemed to be Available Revenue Receipts in accordance with item (c) of the Pre-Acceleration Principal Priority of Payments;

(f) if in a Determination Period, any Reconciliation Amounts deemed to be Available Revenue Receipts in accordance with Condition 5.8(c) (*Determinations and Reconciliation*);

(g) if the Class Z VFN is redeemed in full, any amounts standing to the credit of the Swap Provider Fee Amount Ledger;

(h) Accrued Interest received from the Seller in relation to repurchases;

(i) any Account Bank Defaulted Amounts received by the Issuer in replacement of those Available Revenue Receipts that have not been paid by The Co-operative Bank in its capacity as Co-op Account Bank as a result of an Account Bank Non-Payment Event;

(j) any insurance proceeds received beneficially; and

(k) amounts received or to be received by the Issuer under the Fixed Rate Swap Agreement on such Interest Payment Date, *other than*:

(i) any early termination amount received by the Issuer under the Fixed Rate Swap Agreement on the applicable Interest Payment Date which is to be applied in acquiring a replacement swap;

(ii) Excess Swap Collateral or Swap Collateral, except to the extent that the value of such Swap Collateral has been applied, pursuant to the provisions of the Fixed Rate Swap Agreement, to reduce the amount that would otherwise be payable by the Fixed Rate Swap Provider to the Issuer on early termination of a Fixed Rate Swap Transaction under the Fixed Rate Swap Agreement and, to the extent so applied in reduction of the amount otherwise payable by the Fixed Rate Swap Provider, such Swap Collateral is not to be applied in acquiring a replacement swap;

(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 Fixed Rate Swap Provider;

(iv) amounts in respect of Swap Tax Credits; and

(v) Swap Provider Fee Amount,

less:

A. 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):

- payments of certain insurance premiums **provided that** such cash amounts have been paid by the relevant Borrower and form part of Revenue Receipts;
- 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;
- fees charged by the providers of the Collection Accounts or any costs incurred by the Seller in relation to the Collection Accounts;
- 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; and
- amounts due to the Account Banks and the Swap Collateral Account Bank (if any) towards payment of interest,

(items within paragraph (A) above 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 Deposit Accounts to make payment to the persons entitled thereto except where such payments have already been provided for elsewhere;

plus:

I. if a Revenue Deficiency occurs such that the aggregate of paragraphs (a) to (k) less (A) above is insufficient to pay or provide for items (a) to (g) of the Pre-Acceleration Revenue Priority of Payments, Available Principal Receipts in an aggregate amount sufficient to cover such Revenue Deficiency; and

II. if a Revenue Deficiency occurs such that the aggregate of paragraphs (a) to (k) less paragraph (A) plus paragraph (I) above is insufficient to pay or provide for items (a) to (g) of the Pre-Acceleration Revenue Priority of Payments and the Fixed Rate Swap Provider has failed to make a payment under the Fixed Rate Swap Agreement and such default is continuing, the Swap Collateral contributed by the Fixed Rate Swap Provider in an aggregate amount equal to the lesser of (i) such Revenue Deficiency and (ii) the Fixed Rate Defaulted Swap Amount.

"**Fixed Rate Defaulted Swap Amount**" means, in relation to the Fixed Rate Swap Transaction under the Fixed Rate Swap Agreement: (a) prior to the designation of an early termination date in respect of the Fixed Rate Swap Transaction (an "Early Termination Date"), an amount equal to the amount that was due (after the application of netting) but unpaid by the Fixed Rate Swap Provider in accordance with the terms of the Fixed Rate Swap Agreement or (b) following the designation of an Early Termination Date in respect of the Fixed Rate Swap Transaction, any amounts available to be withdrawn at item (e) of the Swap Collateral Account Priority of Payments.

"**Reconciliation Amount**" means, in respect of any Collection Period, (a) the actual Principal Receipts as determined in accordance with the Servicer Reports available for each of the three months in such Collection Period, less (b) the Calculated Principal Receipts in respect of such Collection Period, plus (c) any Reconciliation Amount not applied in previous Collection Periods.

Definition of Principal Receipts

"**Principal Receipts**" means (a) principal repayments under the Loans (including any overpayments, payments of arrears of principal, Capitalised Interest and Capitalised Expenses and Capitalised Arrears), (b) recoveries of principal from defaulting the Borrowers under Loans being enforced (including the proceeds of sale of the relevant Property), (c) any payment pursuant to any insurance policy in respect of a Property in connection with a Loan in the Portfolio, (d) the proceeds of the repurchase of any Loan by the Seller from the Issuer pursuant to the Mortgage Sale Agreement (for the avoidance of doubt excluding (i) any Accrued Interest thereon as at the relevant repurchase date, and (ii) amounts attributable to Arrears of Interest thereon as at the relevant repurchase date).

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 (less an amount equal to the aggregate of all Further Advance Purchase Prices during the immediately preceding Collection Period funded from amounts standing to the credit of the Principal Receipts Ledger, as adjusted to take account of the purchase price paid by the Issuer for any Further Advances on the Monthly Pool Date immediately following the Collection Period End Date) and (ii) received by the Issuer from the Seller during the immediately preceding Collection Period and on the Monthly Pool Date immediately following the Collection Period End Date in respect of any repurchases of Loans and their Related Security that were repurchased by the Seller pursuant to the Mortgage Sale Agreement;

(b) the amount (if any) calculated on that Interest Payment Date pursuant to the applicable Pre-Acceleration Priority of Payments to be the amount by which the debit balance of each of the Class A Principal Deficiency Sub-Ledger and/or the Class B Principal Deficiency Sub-Ledger is reduced;

(c) if in a Determination Period, any Reconciliation Amounts deemed to be Available Principal Receipts in accordance with Condition 5.8(c) (*Determinations and Reconciliation*);

(d) any amount standing to the credit of the Retained Principal Ledger;

(e) amounts debited from the Make-Whole Ledger equal to the lesser of the Make-Whole Amounts for the preceding Collection Period and the balance standing to the credit of the Make-Whole Ledger,

less:

(i) any amounts utilised to pay a Revenue Deficiency pursuant to paragraph (I) of the definition of Available Revenue Receipts; and

(ii) any amount applied towards the purchase of Additional Loans on a Further Sale Date.

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 Ledger as at the end of the immediately preceding Collection Period will be applied on each 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 Principal Receipts to pay Revenue Deficiency

Prior to service of a Note Acceleration Notice on the Issuer, monies standing to the credit of the Principal Ledger may be applied on each Interest Payment Date to make payments to items (a) to (g) 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 Class A Principal Deficiency Sub-Ledger or Class B Principal Deficiency Sub-Ledger (as applicable).

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 Class B VFN Drawdown Ledger

Monies standing to the credit of the Class B VFN Drawdown Ledger will be applied on any Business Day to pay all Further Advance Purchase Prices insofar as such Further Advance Purchase Prices could not be funded from Available Principal Receipts.

Application of Available Revenue Receipts prior to the service of a Note Acceleration Notice on the Issuer

Prior to the service of a Note Acceleration Notice by the Note Trustee on the Issuer, on each Interest Payment Date the Cash Manager 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 (including by way of indemnity) then due or to become due and payable in the immediately succeeding Interest Period 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 (including by way of indemnity) then due or to become due and payable in the immediately succeeding Interest Period 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 Registrar, the VFN Registrar and the Paying Agents and any fees, costs, charges, liabilities and expenses then due or to become due and payable in the immediately succeeding Interest Period to them under the provisions of the Agency Agreement, together with (if payable) VAT thereon as provided therein;

(ii) any amounts then due and payable to the Corporate Services Provider and any fees, costs, charges, liabilities and expenses then due or to become due and payable to the Corporate Services Provider in the immediately succeeding Interest Period under the provisions of the Corporate Services Agreement, together with (if payable) VAT thereon as provided therein;

(iii) any amounts then due and payable to the BNYM Account Bank and any fees, costs, charges, liabilities and expenses then due or to become due and payable to the BNYM Account Bank in the immediately succeeding Interest Period under the provisions of the BNYM Bank Account Agreement, together with (if applicable) VAT thereon as provided therein; and

(iv) any amounts then due and payable to the Swap Collateral Account Bank (if any) and any fees, costs, charges, liabilities and expenses then due or to become due and payable to the Swap Collateral Account Bank in the immediately succeeding Interest Period under the provisions of the Swap Collateral Bank Account Agreement, together with (if applicable) VAT thereon as provided therein;

(c) *third*, in or towards satisfaction *pro rata* and *pari passu* according to the respective amounts thereof of:

(i) any amounts due and payable by the Issuer to third parties and incurred without breach by the Issuer of the Transaction Documents to which it is a party (and for which payment has not been provided for elsewhere) and any amounts necessary to provide for any such amounts expected to become due and payable by the Issuer in the immediately succeeding Interest Period and any amounts required to pay or discharge any liability of the Issuer for corporation tax 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 (f) below); and

(ii) any Transfer Costs payable by the Issuer pursuant to Clause 19 (*Termination of the Servicer*) of the Servicing Agreement;

(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 in the immediately succeeding Interest Period 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 Back-Up Servicer (if any) and any fees, costs, charges, liabilities and expenses then due or to become due and payable to the Servicer in the immediately succeeding Interest Period under the provisions of the Servicing Agreement, a back-up servicing agreement or replacement servicing agreement, together with VAT (if payable) thereon as provided therein;

(iii) any amounts then due and payable to the Back-Up Servicer Facilitator and any fees, costs, charges, liabilities and expenses then due or to become due and payable to the Back-Up Servicer Facilitator in the immediately succeeding Interest Period under the provisions of the Servicing Agreement, together with VAT (if payable) thereon as provided therein;

(iv) 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 in the immediately succeeding Interest Period under the provisions of the Cash Management Agreement, together with VAT (if payable) thereon as provided therein;

(v) any amounts then due and payable to any Back-Up Cash Manager and any fees, costs, charges, liabilities and expenses then due or to become due and payable to the Back-Up Cash Manager in the immediately succeeding Interest Period under the provisions of the Cash Management Agreement or any Back-Up Cash Management Agreement or Replacement Cash Management Agreement, together with VAT (if payable) thereon as provided therein;

(vi) any amounts then due and payable to any Back-Up Cash Manager Facilitator (if any) and any fees, costs, charges, liabilities and expenses then due or to become due and payable to the Back-Up Cash Manager Facilitator in the immediately succeeding Interest Period under the provisions of the Cash Management Agreement or any back-up cash management agreement or replacement cash management agreement, together with VAT (if payable) thereon as provided therein; and

(vii) any amounts then due and payable to the Co-op Account Bank and any fees, costs, charges, liabilities and expenses then due or to become due and payable to the Co-op Account Bank in the immediately succeeding Interest Period under the provisions of

the Co-op Bank Account Agreement, together with VAT (if payable) thereon as provided therein;

(e) *fifth*, to provide for amounts due on the relevant Interest Payment Date, to pay, in or towards satisfaction of any amounts due to the Fixed Rate Swap Provider in respect of the Fixed Rate Swap Agreement (including any termination payment due and payable by the Issuer to the extent it is not satisfied by the payment by the Issuer to the Fixed Rate Swap Provider of any Replacement Swap Premium or from the Swap Collateral Account Priority of Payments but excluding, if applicable, any related Fixed Rate Swap Excluded Termination Amount);

(f) *sixth*, to pay to the Issuer an amount equal to the Issuer Profit Amount;

(g) *seventh*, to provide for amounts due on the relevant Interest Payment Date, to pay, *pro rata* and *pari passu* interest due and payable on the Class A Notes;

(h) *eighth* (so long as the Class A Notes will remain outstanding following such Interest Payment Date), to credit the Class A Principal Deficiency Sub-Ledger in an amount sufficient to eliminate any debit thereon (such amounts to be applied in repayment of principal as Available Principal Receipts);

(i) *ninth*, (so long as the Class A Notes will remain outstanding following such Interest Payment Date), to credit the General Reserve Ledger up to the General Reserve Required Amount;

(j) *tenth* (so long as the Class B VFN will remain outstanding following such Interest Payment Date), to credit the Class B Principal Deficiency Sub-Ledger in an amount sufficient to eliminate any debit thereon (such amounts to be applied in repayment of principal as Available Principal Receipts);

(k) *eleventh*, to provide for amounts due on the relevant Interest Payment Date to pay interest (including any Deferred Interest) due and payable on the Class B VFN;

(l) *twelfth*, to pay *pro rata* and *pari passu* according to the amount thereof and in accordance with the terms of the Fixed Rate Swap Agreement to the Fixed Rate Swap Provider in respect of any Fixed Rate Swap Excluded Termination Amount (to the extent not satisfied by payment to the Fixed Rate Swap Provider by the Issuer of any applicable Replacement Swap Premium or from the Swap Collateral Account Priority of Payments);

(m) *thirteenth*, 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;

(n) *fourteenth*, subject to Condition 7.2(b) (*Mandatory Redemption*), to provide for amounts due on the relevant Interest Payment Date to repay principal due and payable on the Class Z VFN;

(o) *fifteenth*, (so long as any Class A Notes will remain outstanding following such Interest Payment Date) if such Interest Payment Date falls immediately after a Determination Period, then the excess (if any) to the Relevant Deposit Account to be applied as Available Revenue Receipts on the next following Interest Payment Date; and

(p) *sixteenth*, any Deferred Consideration due and payable under the Mortgage Sale Agreement to the Seller.

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 by the Note Trustee on the Issuer, the Cash Manager (on behalf of the Issuer) shall, after application of the Available Revenue Receipts in accordance with the Pre-Acceleration Revenue Priority of Payments, apply Available Principal Receipts on each Interest Payment Date in the following order of priority (the "**Pre-Acceleration Principal Priority of Payments**" and, together with the Pre-Acceleration Revenue Priority of Payments, the "**Pre-Acceleration Priorities of Payment**") (in each case only if and to the extent that such payments have not already been made as a result of the operation of the Pre-Acceleration Revenue Priority of Payments and payments or provisions of higher priority have been paid in full):

(a) *first*, if such Interest Payment Date falls in the Further Sale Period, in or towards repayment of the principal amount outstanding on the Class A Notes up to the Class A Target Amortisation Amount for such Interest Payment Date (including any such amounts which remain unpaid from previous Interest Payment Dates), and any remaining amount credited to the Retained Principal Ledger;

(b) *second*, if such Interest Payment Date falls outside the Further Sale Period, in or towards repayment *pro rata* and *pari passu* of principal amounts outstanding on the Class A Notes until the Principal Amount Outstanding on the Class A Notes has been reduced to zero;

(c) *third*, subject to Condition 7.2(a) (*Mandatory Redemption*), in or towards repayment *pro rata* and *pari passu* of the principal amount outstanding on the Class B VFN; and

(d) *fourth*, the excess (if any) to be applied as Available Revenue Receipts.

If any amounts are applied from the Principal Ledger to cover a Revenue Deficiency on any Interest Payment Date, the Issuer (or the Cash Manager on its behalf) will make a corresponding entry in the Class A Principal Deficiency Sub-Ledger or Class B Principal Deficiency Sub-Ledger (as applicable).

As used in this Prospectus:

"**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 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 Capitalised Interest or Accrued Interest) on that Loan which is currently due and payable and unpaid on that date.

"**Capitalised Arrears**" means, in relation to a Loan, at any date, amounts which are overdue in respect of that Loan and which as at that date have been included in the Current Balance of the Loan in accordance with the Mortgage Conditions or otherwise by arrangement with the relevant Borrower.

"**Capitalised Expenses**" means, in relation to a Loan, the amount of all expenses, charges, fees, premiums or payments capitalised and included in the Current Balance in respect of such Loan in accordance with the relevant Mortgage Conditions or otherwise by arrangement with the relevant Borrower.

"**Capitalised Interest**" means, for any Loan at any date, interest which is overdue in respect of that Loan and which as at that date has been added to the Current Balance of that Loan in accordance with the Mortgage Conditions or otherwise by arrangement with the relevant Borrower (excluding for the avoidance of doubt any Arrears of Interest which have not been so capitalised on that date).

"**Early Repayment Fee**" means any fee (other than a Redemption Fee) which a Borrower is required to pay in the event that the Borrower is in default or his or her Loan becomes repayable for any other mandatory reason or he or she repays all or any part of the relevant Loan before a specified date in the Mortgage Conditions.

"**Early Repayment Fee Receipts**" means an amount equal to sums received by the Issuer from time to time in respect of Early Repayment Fees.

"**Excess Swap Collateral**" means, in respect of, and as calculated in accordance with, the Fixed Rate Swap Agreement, an amount (which will be transferred directly to the Fixed Rate Swap Provider in accordance with the Fixed Rate Swap Agreement) equal to the amount by which the value of the collateral (or the applicable part of any collateral) provided by the Fixed Rate Swap Provider to the Issuer pursuant to the Fixed Rate Swap Agreement exceeds the Fixed Rate Swap Provider's liability under the Fixed Rate Swap Agreement as at the date of termination of the Fixed Rate Swap Agreement or at which the Fixed Rate Swap Provider is otherwise entitled to have returned to it under the terms of the Fixed Rate Swap Agreement. Any amount of Swap Collateral in respect of the Fixed Rate Swap Agreement used towards curing any Revenue Deficiency will be deducted from the amount due to the Fixed Rate Swap Provider.

"**Fixed Rate Swap Agreement**" means the ISDA Master Agreement, including the schedule, credit support annex and any confirmation(s) thereto, relating to the Fixed Rate Swap Transaction to be entered into on the Closing Date between the Issuer and the Fixed Rate Swap Provider as such may be amended, supplemented or modified from time to time and/or any successive or replacement swap agreement entered into from time to time.

"**Fixed Rate Swap Excluded Termination Amount**" means, in relation to the Fixed Rate Swap Agreement, the amount of any termination payment due and payable to the Fixed Rate Swap Provider as a result of a Swap Provider Default or a Swap Provider Downgrade Event, except to the extent such amount has already been paid pursuant to the Swap Collateral Account Priority of Payments.

"**Fixed Rate Swap Provider**" means HSBC Bank plc in its capacity as the fixed interest rate swap provider pursuant to the Fixed Rate Swap Agreement and any successor or transferee in respect thereof.

"**Fixed Rate Swap Transaction**" means the fixed interest rate swap transaction documented under the Fixed Rate Swap Agreement pursuant to which the Issuer will 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.

"**Interest Period**" means, in relation to a Note, the period from (and including) an Interest Payment Date for that Note to (but excluding) the next Interest Payment Date (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 first Interest Payment Date).

"**Issuer Fee Amount**" means the amount if any owing by the Issuer to the Fixed Rate Swap Provider and described as a "Net Payment" pursuant to the Fixed Rate Swap Agreement in connection with any Further Advance, Additional Loan or Product Switch which occurred in the immediately preceding Monthly Period.

"**Issuer Fee Amount Ledger**" means the ledger in connection with the Relevant Deposit Account of such name maintained by the Cash Manager pursuant to the Cash Management Agreement, to record the crediting of the Issuer Fee Amount and any debiting of the same.

"**Issuer Profit Amount**" means £250 paid on the Interest Payment Date falling in December 2019, and £250 on each Interest Payment Date falling thereafter, which shall be credited to the Issuer Profit Amount Ledger for the Issuer to retain as a profit for entering into the transaction.

"**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.

"**Replacement Swap Premium**" means an amount received by the Issuer from a replacement swap provider upon entry by the Issuer into an agreement with such replacement swap provider to replace one or more Fixed Rate Swap Transactions.

"**Swap Collateral**" means an amount equal to the value of collateral (other than Excess Swap Collateral) provided by the Fixed Rate Swap Provider to the Issuer under the Fixed Rate Swap Agreement and includes any interest and distributions in respect thereof.

"**Swap Collateral Account**" means one or more accounts (if any) to which Swap Collateral is posted in accordance with the terms of the Fixed Rate Swap Agreement.

"**Swap Collateral Account Bank**" means a bank appointed to open and maintain any Swap Collateral Account.

"**Swap Provider Default**" means the occurrence of an Event of Default (as defined in the Fixed Rate Swap Agreement) where the Fixed Rate Swap Provider is the Defaulting Party (as defined in the Fixed Rate Swap Agreement).

"**Swap Provider Downgrade Event**" means the occurrence of an Additional Termination Event (as defined in the Fixed Rate Swap Agreement) following the failure by the Fixed Rate Swap Provider to comply with the requirements of the "*Rating Events*" provisions set out in the Fixed Rate Swap Agreement.

"**Swap Provider Fee Amount**" means the amount (if any) owing by the Fixed Rate Swap Provider to the Issuer and described as a "Net Payment" pursuant to the Fixed Rate Swap Agreement in connection with any Further Advance, Additional Loan or Product Switch which occurred in the immediately preceding Monthly Period.

"**Swap Tax Credits**" means any credit, allowance, set-off or repayment received by the Issuer in respect of tax from the tax authorities of any jurisdiction relating to any deduction or withholding giving rise to an increased payment by the Fixed Rate Swap Provider to the Issuer.

"**Transfer Costs**" means the Issuer's costs and expenses associated with the transfer of servicing to a substitute servicer.

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) 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 Swap Collateral which shall be returned directly to the Fixed Rate Swap Provider under the Fixed Rate Swap Agreement;

(b) any Swap Collateral, except to the extent that the value of such Swap Collateral has been applied, pursuant to the provisions of the Fixed Rate Swap Agreement to reduce the amount that would otherwise be payable by the Fixed Rate Swap Provider to the Issuer on early termination of that Fixed Rate Swap Transaction under the Fixed Rate Swap Agreement, which shall be returned directly to the Fixed Rate Swap Provider;

(c) any Swap Tax Credits which shall be returned directly to the Fixed Rate Swap Provider; and

(d) Replacement Swap Premium (only to the extent it is applied directly to pay a termination payment due and payable by the Issuer to the Fixed Rate Swap Provider) which shall be paid directly to the Fixed Rate Swap Provider,

in the following order of priority (the "**Post-Acceleration Priority of Payments**" and, together with the Pre-Acceleration Priorities of Payments, the "**Priorities of Payments**") (in each case only if and to the extent that payments or provisions of a higher priority have been made in full):

(a) *first*, in or towards satisfaction *pro rata* and *pari passu* according to the respective amounts thereof of:

  (i) any fees, costs, charges, liabilities, expenses and all other amounts (including by way of indemnity) 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 (including by way of indemnity) 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 amounts then due and payable to the Agent Bank, the Registrar, the VFN Registrar and the Paying Agents and any fees, costs, charges, liabilities, expenses and any other amounts (including by way of indemnity) then due or to become due and payable in the immediately succeeding Interest Period to them under the provisions of the Agency Agreement, together with (if payable) VAT thereon as provided therein;

  (ii) any amounts then due and payable to the Corporate Services Provider and any fees, costs, charges, liabilities, expenses and any other amounts (including by way of indemnity) then due or to become due and payable to the Corporate Services Provider

in the immediately succeeding Interest Period under the provisions of the Corporate Services Agreement, together with (if payable) VAT thereon as provided therein;

(iii) any amounts then due and payable to the BNYM Account Bank and any fees, costs, charges, liabilities, expenses and any other amounts (including by way of indemnity) then due or to become due and payable to the BNYM Account Bank in the immediately succeeding Interest Period under the provisions of the BNYM Bank Account Agreement, together with (if applicable) VAT thereon as provided therein; and

(iv) any amounts then due and payable to the Swap Collateral Account Bank and any fees, costs, charges, liabilities, expenses and any other amounts (including by way of indemnity) then due or to become due and payable to the Swap Collateral Account Bank in the immediately succeeding Interest Period under the provisions of the Swap Collateral Bank Account Agreement, together with (if applicable) VAT thereon as provided therein;

(c) *third*, 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 in the immediately succeeding Interest Period 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 Back-Up Servicer and any fees, costs, charges, liabilities and expenses then due or to become due and payable to the Servicer in the immediately succeeding Interest Period under the provisions of the Servicing Agreement, a back-up servicing agreement or replacement servicing agreement, together with VAT (if payable) thereon as provided therein;

(iii) any amounts then due and payable to the Back-Up Servicer Facilitator (if any) and any fees, costs, charges, liabilities and expenses then due or to become due and payable to the Back-Up Servicer Facilitator in the immediately succeeding Interest Period under the provisions of the Servicing Agreement, together with VAT (if payable) thereon as provided therein;

(iv) 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 in the immediately succeeding Interest Period under the provisions of the Cash Management Agreement, together with VAT (if payable) thereon as provided therein;

(v) any amounts then due and payable to any Back-Up Cash Manager and any fees, costs, charges, liabilities and expenses then due or to become due and payable to the Back-Up Cash Manager in the immediately succeeding Interest Period under the provisions of the Cash Management Agreement or any Back-Up Cash Management Agreement or Replacement Cash Management Agreement, together with VAT (if payable) thereon as provided therein;

(vi) any amounts then due and payable to the Back-Up Cash Manager Facilitator (if any) and any fees, costs, charges, liabilities and expenses then due or to become due and payable to the Back-Up Cash Manager Facilitator in the immediately succeeding Interest Period under the provisions of the Cash Management Agreement, together with VAT (if payable) thereon as provided therein; and

(vii) any amounts then due and payable to the Co-op Account Bank and any fees, costs, charges, liabilities and expenses then due or to become due and payable to the Co-op Account Bank in the immediately succeeding Interest Period under the provisions of the Co-op Bank Account Agreement, together with VAT (if payable) thereon as provided therein;

(d) *fourth*, to provide for amounts due on the relevant Interest Payment Date, to pay, in or towards satisfaction of any amounts due to the Fixed Rate Swap Provider in respect of the Fixed Rate Swap Agreement (including any termination payment due and payable by the Issuer to the extent it is not satisfied by the payment by the Issuer to the Fixed Rate Swap Provider of any Replacement Swap Premium or from the Swap Collateral Account Priority of Payments but excluding, if applicable, any related Fixed Rate Swap Excluded Termination Amount and any Net Payment);

(e) *fifth*, to pay *pro rata* and *pari passu* according to the respective outstanding amounts thereof interest due and payable on the Class A Notes;

(f) *sixth*, to pay *pro rata* and *pari passu* according to the respective outstanding amounts thereof principal due and payable on the Class A Notes until the Principal Amount Outstanding on the Class A Notes has been reduced to zero;

(g) *seventh*, to pay *pro rata* and *pari passu* interest due and payable on the Class B VFN;

(h) *eighth*, subject to Condition 7.2(a) (*Mandatory Redemption*), to pay *pro rata* and *pari passu* principal due and payable on the Class B VFN until the Principal Amount Outstanding on the Class B VFN has been reduced to zero;

(i) *ninth*, to pay *pro rata* and *pari passu* according to the amount thereof and in accordance with the terms of the Fixed Rate Swap Agreement to the Fixed Rate Swap Provider in respect of any Fixed Rate Swap Excluded Termination Amount (to the extent not satisfied by payment to the Fixed Rate Swap Provider by the Issuer of any applicable Replacement Swap Premium or from the Swap Collateral Account Priority of Payments);

(j) *tenth*, to pay *pro rata* and *pari passu* interest due and payable on the Class Z VFN;

(k) *eleventh*, subject to Condition 7.2(b) (*Mandatory Redemption*), to pay *pro rata* and *pari passu* principal due and payable on the Class Z VFN until the Principal Amount Outstanding on the Class Z VFN has been reduced to zero;

(l) *twelfth*, to pay to the Issuer an amount equal to the Issuer Profit Amount; and

(m) *thirteenth*, to pay any Deferred Consideration due and payable under the Mortgage Sale Agreement to the Seller.

"**Back-Up Cash Manager Facilitator**" means a back-up cash manager facilitator that may be appointed in relation to the transaction contemplated by the Transaction Documents.

Swap Collateral

In the event that the Fixed Rate Swap Provider is required to transfer collateral to the Issuer in respect of its obligations under the Fixed Rate Swap Agreement in accordance with the terms of the Swap Credit Support Annex, that collateral (and any interest and/or distributions earned thereon) will be credited to a separate Swap Collateral Account Bank and credited to the Swap Collateral Ledger. Any cash credited to the Swap Collateral Account may be invested by the Cash Manager, in accordance

with the terms of the Fixed Rate Swap Agreement and the Cash Management Agreement, in eligible swap collateral investments (which includes money market funds). In addition, upon any early termination of the Fixed Rate Swap Agreement, (a) any Replacement Swap Premium received by the Issuer from a replacement swap provider and/or (b) any termination payment received by the Issuer from the outgoing Fixed Rate Swap Provider will be credited to the Swap Collateral Account or recorded on the Swap Collateral Ledger.

Amounts and securities standing to the credit of each Swap Collateral Account (including interest, distributions and redemption or sale proceeds thereon or thereof) and recorded on the Swap Collateral Ledger (other than amounts set out in paragraph (a) of the definition of Fixed Rate Defaulted Swap Amounts which will be applied as set out in "*Credit Structure – Definition of Available Revenue Receipts*") will not be available for the Issuer or the Security Trustee to make payments to the Secured Creditors generally, but may be applied only in accordance with the following provisions (the "**Swap Collateral Account Priority of Payments**"):

(a) prior to the designation of an Early Termination Date in respect of the Fixed Rate Swap Agreement, solely in or towards payment or discharge of any Return Amounts, Interest Amounts and Distributions (each as defined in the Swap Credit Support Annex), on any day, directly to the Fixed Rate Swap Provider in accordance with the terms of the Swap Credit Support Annex;

(b) following the designation of an Early Termination Date in respect of the Fixed Rate Swap Agreement where (A) such Early Termination Date has been designated following a Swap Provider Default or Swap Provider Downgrade Event and (B) the Issuer enters into a replacement swap agreement in respect of the Fixed Rate Swap Agreement on or around the Early Termination Date of the Fixed Rate Swap Agreement, on the later of the day on which such replacement swap agreement is entered into, the day on which a termination payment (if any) payable to the Issuer has been received and the day on which a Replacement Swap Premium (if any) payable to the Issuer has been received, in the following order of priority:

(i) *first*, in or towards payment of a Replacement Swap Premium (if any) payable by the Issuer to a replacement swap provider in order to enter into a replacement swap agreement with the Issuer with respect to the Fixed Rate Swap Agreement being terminated;

(ii) *second*, in or towards payment of any termination payment due to the outgoing Fixed Rate Swap Provider; and

(iii) *third*, the surplus (if any) (a "**Swap Collateral Account Surplus**") on such day to be transferred to the Deposit Accounts;

(c) following: (i) the designation of an Early Termination Date in respect of the Fixed Rate Swap Agreement where (A) such Early Termination Date has been designated otherwise than as a result of one of the events specified at item (b)(A) above and (B) the Issuer enters into a replacement swap agreement in respect of the Fixed Rate Swap Agreement on or around the Early Termination Date of the Fixed Rate Swap Agreement, on the later of the day on which such replacement swap agreement; or (ii) any novation of the Fixed Rate Swap Provider's obligations to a replacement fixed rate swap provider is entered into, the day on which a termination payment (if any) payable to the Issuer has been received and the day on which a Replacement Swap Premium (if any) payable to the Issuer has been received, in the following order of priority:

(i) *first*, in or towards payment of any termination payment due to the outgoing Fixed Rate Swap Provider;

(ii) *second*, in or towards payment of a Replacement Swap Premium (if any) payable by the Issuer to a replacement swap provider in order to enter into a replacement swap agreement with the Issuer with respect to the Fixed Rate Swap Agreement being terminated or novated; and

(iii) *third*, any Swap Collateral Account Surplus on such day to be transferred to the Deposit Accounts;

(d) following the designation of an Early Termination Date in respect of the Fixed Rate Swap Agreement for any reason where the Issuer does not enter into a replacement swap agreement in respect of the Fixed Rate Swap Agreement on or around the Early Termination Date of the Fixed Rate Swap Agreement and, on any day, in or towards payment of any termination payment due to the outgoing Fixed Rate Swap Provider; and

(e) following payments of amounts due pursuant to item (d) above, if amounts remain standing to the credit of a Swap Collateral Account or the Swap Collateral Ledger, such amounts may be applied only in accordance with the following provisions:

(i) *first*, in or towards payment of a Replacement Swap Premium (if any) payable by the Issuer to a replacement swap provider in order to enter into a replacement swap agreement with the Issuer with respect to the Fixed Rate Swap Agreement to which such Swap Collateral Account relates; and

(ii) *second*, any Swap Collateral Account Surplus remaining after payment of such Replacement Swap Premium to be transferred to the Deposit Account to be applied as Available Revenue Receipts or Available Principal Receipts, as applicable,

provided that for so long as the Issuer does not enter into a replacement swap agreement with respect to the Fixed Rate Swap Agreement to which such Swap Collateral Account relates, on each Interest Payment Date the Issuer or the Cash Manager on its behalf will be permitted to withdraw an amount from the applicable Swap Collateral Account or the Swap Collateral Ledger (as the case may be) in respect of the Fixed Rate Swap Transaction, equal to the excess of the Fixed Interest Period Swap Provider Amount over the Fixed Interest Period Issuer Amount which would have been paid by the Fixed Rate Swap Provider to the Issuer on such Interest Payment Date but for the designation of an Early Termination Date under the Fixed Rate Swap Agreement to be applied as Available Revenue Receipts on such date; and

provided further that for so long as the Issuer does not enter into a replacement swap agreement with respect to the Fixed Rate Swap Agreement to which such Swap Collateral Account relates on or prior to the earlier of:

A. the Calculation Date immediately before the Interest Payment Date on which the Principal Amount Outstanding of all Classes of Notes; or

B. the day on which a Note Acceleration Notice is given pursuant to Condition 10 (*Events Of Default*),

then the amount standing to the credit of such Swap Collateral Account on such day shall be a Swap Collateral Account Surplus and shall be transferred to the Deposit Accounts as soon as reasonably practicable thereafter.

The Swap Collateral Account(s) will be opened in the name of the Issuer and will be held at a financial institution which meets the relevant ratings requirements. A separate Swap Collateral Account and Swap Collateral Ledger will be established and maintained in respect of each Fixed Rate

Swap Agreement. As security for the payment of all monies payable in respect of the Notes and the other Secured Amounts, the Issuer will grant a first fixed charge over the Issuer's interest in the Swap Collateral Accounts and the debts represented thereby (which may, however, take effect as a floating charge and therefore rank behind the claims of any preferential creditors of the Issuer).

DESCRIPTION OF THE GLOBAL NOTES AND THE VARIABLE FUNDING NOTES

The issue of the Notes is authorised by resolutions of the Board of Directors of the Issuer passed on 3 July 2019. The Notes will be constituted by a trust deed (the "**Trust Deed**"), expected to be dated the Closing Date, between the Issuer and the Note Trustee as trustee for the Noteholders. The Notes will be freely transferable.

General

The Notes as at the Closing Date will each be represented by a global note certificate (a "**Global Note**"). All capitalised terms not defined in this paragraph shall be as defined in the Conditions of the Notes.

The Global Notes in respect of the Class A Notes will be deposited on or about the Closing Date with a common safekeeper for Euroclear and Clearstream, Luxembourg (the "**Common Safekeeper**"). It is intended that the Class A Notes will be held under the new safekeeping structure in a manner to enable Euroclear eligibility; however, it cannot be confirmed that the Class A Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any times during their life. Such recognition will depend on the European Central Bank being satisfied that Eurosystem eligibility criteria have been met.

The Global Note in respect of the Class A Notes will be deposited with the Common Safekeeper and registered in the name of a nominee of the Common Safekeeper. The Registrar will maintain a register in which it will register the nominee for the Common Safekeeper (in respect of the Class A Notes). The VFN Registrar will maintain a register in which it will register the holder of the VFNs as the owner of the VFNs.

Upon confirmation by the Common Safekeeper (in respect of the Class A Notes) that it has custody of the Global Notes, Euroclear or Clearstream, Luxembourg, as the case may be, will record in book-entry form interests representing beneficial interests in the Global Note attributable thereto ("**Book-Entry Interests**").

Book-Entry Interests in respect of each Global Note will be recorded in denominations of £100,000 (the "**Minimum Denomination**") and integral multiples of £1,000 in excess thereof (an "**Authorised Denomination**"). Ownership of Book-Entry Interests is limited to persons that have accounts with Euroclear or Clearstream, Luxembourg ("**Participants**") or persons that hold interests in the Book-Entry Interests through Participants ("**Indirect Participants**"), including, as applicable, banks, brokers, dealers and trust companies that clear through or maintain a custodial relationship with Euroclear or Clearstream, Luxembourg, either directly or indirectly. Indirect Participants shall also include persons that hold beneficial interests through such Indirect Participants. Book-Entry Interests will not be held in definitive form. Instead, Euroclear and Clearstream, Luxembourg, as applicable, will credit the Participants' accounts with the respective Book-Entry Interests beneficially owned by such Participants on each of their respective book-entry registration and transfer systems. The accounts initially credited will be designated by the Arranger. Ownership of Book-Entry Interests will be shown on, and transfers of Book-Entry Interests or the interests therein will be effected only through, records maintained by Euroclear or Clearstream, Luxembourg (with respect to the interests of their Participants) and on the records of Participants or Indirect Participants (with respect to the interests of Indirect Participants). The laws of some jurisdictions or other applicable rules may require that certain purchasers of securities take physical delivery of such securities in definitive form. The foregoing limitations may therefore impair the ability to own, transfer or pledge Book-Entry Interests.

So long as a nominee for the Common Safekeeper in respect of the Class A Notes is the registered holder of the Global Note, underlying the Book-Entry Interests, the nominee for the Common

Safekeeper (in respect of the Class A Notes) will be considered the sole Noteholder of the Global Note for all purposes under the Trust Deed. Except as set forth under "*Issuance of Registered Definitive Certificates*" below, Participants or Indirect Participants will not be entitled to have Notes registered in their names, will not receive or be entitled to receive physical delivery of Notes in definitive registered form and will not be considered the holders thereof under the Trust Deed. Accordingly, each person holding a Book-Entry Interest must rely on the rules and procedures of Euroclear or Clearstream, Luxembourg, as the case may be, and Indirect Participants must rely on the procedures of the Participants or Indirect Participants through which such person owns its interest in the relevant Book-Entry Interests, to exercise any rights and obligations of a holder of Notes under the Trust Deed. See "*Action in Respect of the Global Note and the Book-Entry Interests*" below.

Unlike legal owners or holders of the Notes, holders of the Book-Entry Interests will not have the right under the Trust Deed to act upon solicitations by the Issuer or consents or requests by the Issuer for waivers or other actions from Noteholders. Instead, a holder of Book-Entry Interests will be permitted to act only to the extent it has received appropriate proxies to do so from Euroclear or Clearstream, Luxembourg, as the case may be, and, if applicable, their Participants. There can be no assurance that procedures implemented for the granting of such proxies will be sufficient to enable holders of Book-Entry Interests to vote on any requested actions on a timely basis. Similarly, upon the occurrence of an Event of Default under the Global Notes, holders of Book-Entry Interests will be restricted to acting through Euroclear or Clearstream, Luxembourg unless and until Definitive Certificates are issued in accordance with the Conditions. There can be no assurance that the procedures to be implemented by Euroclear and Clearstream, Luxembourg under such circumstances will be adequate to ensure the timely exercise of remedies under the Trust Deed.

In the case of the Global Note, unless and until Book-Entry Interests are exchanged for Definitive Certificates, the Global Note, held by the Common Safekeeper (in respect of the Class A Notes) may not be transferred except as a whole by the Common Safekeeper (in respect of the Class A Notes) to a successor of the Common Safekeeper (in respect of the Class A Notes).

Purchasers of Book-Entry Interests in a Global Note pursuant to Regulation S will hold Book-Entry Interests in the Global Note, relating thereto. Investors may hold their Book-Entry Interests in respect of a Global Note directly through Euroclear or Clearstream, Luxembourg (in accordance with the provisions set forth under "*Transfers and Transfer Restrictions*" below), if they are account holders in such systems, or indirectly through organisations which are account holders in such systems. Euroclear and Clearstream, Luxembourg will hold Book-Entry Interests in the Global Note on behalf of their account holders through securities accounts in the respective account holders' names on Euroclear's and Clearstream, Luxembourg's respective book-entry registration and transfer systems.

Trading between Euroclear and/or Clearstream, Luxembourg participants

Secondary market sales of book-entry interests in the notes held through Euroclear and Clearstream, Luxembourg to purchasers of book-entry interests in the notes held through Euroclear or Clearstream, Luxembourg will be conducted in accordance with the normal operating procedures of Euroclear or Clearstream, Luxembourg and will be settled using the procedures applicable to conventional Eurobonds and sterling-denominated bonds.

Payments on the Global Notes

Payment of principal and interest on, and any other amount due in respect of, the Global Notes will be made in Sterling by or to the order of HSBC Bank plc (the "**Principal Paying Agent**") on behalf of the Issuer to Euroclear or Clearstream, Luxembourg. Each holder of Book-Entry Interests must look solely to Euroclear or Clearstream, Luxembourg, as the case may be, for its share of any amounts paid by or on behalf of the Issuer to the order of the Common Safekeeper (in respect of the Class A Notes) or their nominees in respect of those Book-Entry Interests. All such payments will be distributed

without deduction or withholding for or on account of any taxes, duties, assessments or other governmental charges of whatever nature except as may be required by law. If any such deduction or withholding is required to be made, then neither the Issuer, the Paying Agents nor any other person will be obliged to pay additional amounts in respect thereof.

In accordance with the rules and procedures for the time being of Euroclear or, as the case may be, Clearstream, Luxembourg, after receipt of any payment from the Principal Paying Agent to the order of the Common Safekeeper (in respect of the Class A Notes), the respective systems will promptly credit their Participants' accounts with payments in amounts proportionate to their respective ownership of Book-Entry Interests as shown in the records of Euroclear or Clearstream, Luxembourg. On each record date (the "**Record Date**") Euroclear and Clearstream, Luxembourg will determine the identity of the Noteholders for the purposes of making payments to the Noteholders. The Record Date in respect of the Class A Notes shall be at the close of business on the Business Day prior to the relevant Interest Payment Date. The Issuer expects that payments by Participants to owners of interests in Book-Entry Interests held through such Participants or Indirect Participants will be governed by standing customer instructions and customary practices, as is now the case with the securities held for the accounts of customers in bearer form or registered in "street name", and will be the responsibility of such Participants or Indirect Participants. None of the Issuer, any agent of the Issuer, the Arranger, the Note Trustee, the Paying Agents or the Registrar will have any responsibility or liability for any aspect of the records relating to or payments made on account of a Participant's ownership of Book-Entry Interests or for maintaining, supervising or reviewing any records relating to a Participant's ownership of Book-Entry Interests.

Information Regarding Euroclear and Clearstream, Luxembourg

Euroclear and Clearstream, Luxembourg have advised the Issuer as follows:

Euroclear and Clearstream, Luxembourg each hold securities for their account holders and facilitate the clearance and settlement of securities transactions by electronic book-entry transfer between their respective account holders, thereby eliminating the need for physical movements of certificates and any risk from lack of simultaneous transfers of securities.

Euroclear and Clearstream, Luxembourg each provide various services, including safekeeping, administration, clearance and settlement of internationally traded securities and securities lending and borrowing. Euroclear and Clearstream, Luxembourg each also deal with domestic securities markets in several countries through established depositary and custodial relationships. The respective systems of Euroclear and of Clearstream, Luxembourg have established an electronic bridge between their two systems across which their respective account holders may settle trades with each other.

Account holders in both Euroclear and Clearstream, Luxembourg are worldwide financial institutions, including underwriters, securities brokers and dealers, banks, trust companies and clearing corporations. Indirect access to both Euroclear and Clearstream, Luxembourg is available to other institutions that clear through or maintain a custodial relationship with an account holder of either system.

An account holder's overall contractual relations with either Euroclear or Clearstream, Luxembourg are governed by the respective rules and operating procedures of Euroclear or Clearstream, Luxembourg and any applicable laws. Both Euroclear and Clearstream, Luxembourg act under such rules and operating procedures only on behalf of their respective account holders, and have no record of or relationship with persons holding through their respective account holders.

The Issuer understands that under existing industry practices, if any of the Issuer, the Note Trustee or the Security Trustee requests any action of owners of Book-Entry Interests or if an owner of a Book-Entry Interest desires to give instructions or take any action that a holder is entitled to give or take

under the Trust Deed or the Deed of Charge, Euroclear or Clearstream, Luxembourg, as the case may be, would authorise the Participants owning the relevant Book-Entry Interests to give instructions or take such action, and such Participants would authorise Indirect Participants to give or take such action or would otherwise act upon the instructions of such Indirect Participants.

Redemption

In the event that any Global Note (or portion thereof) is redeemed, the Principal Paying Agent will deliver all amounts received by it in respect of the redemption of such Global Note to the order of the clearing systems and, upon final payment, will surrender such Global Note (or portion thereof) to or to the order of the Principal Paying Agent for cancellation. Appropriate entries will be made in the Register. The redemption price payable in connection with the redemption of Book-Entry Interests will be equal to the amount received by the Principal Paying Agent in connection with the redemption of the Global Note (or portion thereof) relating thereto. For any redemptions of the Global Note in part, selection of the relevant Book-Entry Interest relating thereto to be redeemed will be made by Euroclear or Clearstream, Luxembourg, as the case may be, on a *pro rata* basis (or on such basis as Euroclear or Clearstream, Luxembourg, as the case may be, deems fair and appropriate). Upon any redemption in part, the Principal Paying Agent will mark down the schedule to such Global Note by the principal amount so redeemed.

Cancellation

Cancellation of any Note represented by a Global Note and required by the Conditions to be cancelled following its redemption will be effected by endorsement by or on behalf of the Principal Paying Agent of the reduction in the principal amount of the relevant Global Note on the relevant schedule thereto and the corresponding entry on the Register.

All Notes redeemed in full will be cancelled forthwith by the Issuer and may not be reissued or resold.

Transfers and Transfer Restrictions

All transfers of Book-Entry Interests will be recorded in accordance with the book-entry systems maintained by Euroclear or Clearstream, Luxembourg, as applicable, pursuant to customary procedures established by each respective system and its Participants. See "*General*" above.

Beneficial interests in the Global Notes may be held only through Euroclear and Clearstream, Luxembourg. Neither the Global Notes nor any beneficial interest therein may be transferred except in compliance with the transfer restrictions set forth in the legend appearing in the Global Notes.

Settlement and transfer of notes

Subject to the rules and procedures of each applicable clearing system, purchases of notes held within a clearing system must be made by or through Participants, which will receive a credit for such notes on the clearing system's records. The ownership interest of each actual purchaser of each such note the ("**beneficial owner**") will in turn be recorded on the Participant's records. Beneficial owners will not receive written confirmation from any clearing system of their purchase, but beneficial owners are expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the direct and indirect participant through which such beneficial owner entered into the transaction. Transfers of ownership interests in notes held within the clearing system will be effected by entries made on the books of Participants acting on behalf of beneficial owners. Beneficial owners will not receive individual notes representing their ownership interests in such notes unless use of the book-entry system for the notes described in this section is discontinued.

No clearing system has knowledge of the actual beneficial owners of the notes held within such clearing system and their records will reflect only the identity of the direct participants to whose accounts such notes are credited, which may or may not be the beneficial owners. Participants will remain responsible for keeping account of their holdings on behalf of their customers. Conveyance of notices and other communications by the clearing systems to direct participants, by direct participants to indirect participants and by direct participants and indirect participants to beneficial owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Issuance of Registered Definitive Certificates

Holders of Book-Entry Interests in the Global Note will be entitled to receive certificates evidencing definitive notes or the Global Note in registered form ("**Definitive Certificates**") in exchange for their respective holdings of Book-Entry Interests if (a) both Euroclear and Clearstream, Luxembourg are closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or announce an intention permanently to cease business and do so cease to do business and no alternative clearing system satisfactory to the Note Trustee is available or (b) as a result of any amendment to, or change in, the laws or regulations of the United Kingdom (or of any political subdivision thereof) or of any authority therein or thereof having power to tax or in the interpretation or administration by a revenue authority or a court or in the administration of such laws or regulations which becomes effective on or after the Closing Date, the Issuer or any Paying Agent is or will be required to make any deduction or withholding from any payment in respect of the Notes which would not be required were the Notes in definitive form.

Any Definitive Certificates issued in exchange for Book-Entry Interests in the Global Note will be registered by the Registrar in such name or names as the Issuer shall instruct the Principal Paying Agent based on the instructions of Euroclear or Clearstream, Luxembourg. It is expected that such instructions will be based upon directions received by Euroclear or Clearstream, Luxembourg from their Participants with respect to ownership of the relevant Book-Entry Interests. Holders of Definitive Certificates issued in exchange for Book-Entry Interests in the Global Note will not be entitled to exchange such Definitive Certificates for Book-Entry Interests in such Global Note. Any Notes issued in definitive form will be issued in registered form only and will be subject to the provisions set forth under "*Transfers and Transfer Restrictions*" above and **provided that** no transfer shall be registered for a period of 15 days immediately preceding any due date for payment in respect of the Note or, as the case may be (in the case of Notes), the due date for redemption. Definitive Certificates will not be issued in a denomination that is not an integral multiple of the Minimum Denomination or for any amount in excess thereof, in integral multiples of £1,000. As the Notes have a denomination consisting of the Minimum Denomination plus a higher integral multiple of another smaller amount, it is possible that the Notes may be traded in amounts in excess of £100,000 (or its equivalent) that are not integral multiples of £100,000 (or its equivalent.) In such case, a Noteholder who, as a result of trading such amounts, holds a principal amount of less than the Minimum Denomination may not receive a Definitive Certificate in respect of such holding (should Definitive Certificates be issued) and would need to purchase a principal amount of Notes such that its holding amounts to the Minimum Denomination.

Action in Respect of the Global Note and the Book-Entry Interests

Not later than ten days after receipt by the Issuer of any notices in respect of a Global Note or any notice of solicitation of consents or requests for a waiver or other action by the holder of such Global Note, the Issuer will deliver to Euroclear and Clearstream, Luxembourg a notice containing (a) such information as is contained in such notice, (b) a statement that at the close of business on a specified record date Euroclear and Clearstream, Luxembourg will be entitled to instruct the Issuer as to the consent, waiver or other action, if any, pertaining to the Book-Entry Interests or the Global Note, and (c) a statement as to the manner in which such instructions may be given. Upon the written request of

Euroclear or Clearstream, Luxembourg, as applicable, the Issuer shall endeavour insofar as practicable to take such action regarding the requested consent, waiver or other action in respect of the Book-Entry Interests or the Global Note in accordance with any instructions set forth in such request. Euroclear or Clearstream, Luxembourg are expected to follow the procedures described under "*General*" above, with respect to soliciting instructions from their respective Participants. The Registrar will not exercise any discretion in the granting of consents or waivers or the taking of any other action in respect of the Book-Entry Interests or the Global Notes.

Reports

The Issuer will send to Euroclear and Clearstream, Luxembourg a copy of any notices, reports and other communications received relating to the Issuer, the Global Note or the Book-Entry Interests. Any notice shall be deemed to have been duly given to the relevant Noteholders if sent to each of Euroclear and Clearstream, Luxembourg (the "**Clearing Systems**") for communication by them to the holders of the Class A Notes and shall be deemed to be given on the date on which it was so sent and (so long as the Class A Notes are admitted to trading and listed on the Official List) any notice shall also be published in accordance with the relevant guidelines of Euronext Dublin. See also Condition 15 (*Notice to Noteholders*) of the Notes.

Class B Variable Funding Note and Class Z Variable Funding Note

The Class B VFN and the Class Z VFN will be issued in dematerialised registered form and no certificate evidencing entitlement to either the Class B VFN or the Class Z VFN will be issued. The Issuer will also maintain a register, to be kept on the Issuer's behalf by the VFN Registrar, in which the Class B VFN and the Class Z VFN will be registered in the name of the Class B VFN Holder and the Class Z VFN Holder, respectively. Transfers of the Class B VFN and/or 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 £500,000,000 Class A mortgage-backed floating rate Notes due 2067 (the "**Class A Notes**"), the £150,000,000 Class B variable funding rate note due 2067 (the "**Class B VFN**"), and the £50,000,000 Class Z variable funding rate note due 2067 (the "**Class Z VFN**" and together with the Class A Notes and the Class B VFN, the "**Notes**"), in each case of Silk Road Finance Number Five PLC (the "**Issuer**") are constituted by a trust deed (the "**Trust Deed**") dated on or about 9 July 2019 (the "**Closing Date**") and made between, *inter alios*, the Issuer and BNY Mellon Corporate Trustee Services 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 A Notes, the Class B VFN or the Class Z VFN, as the case may be, or to the respective holders thereof. Any reference in these Conditions to the Noteholders means the registered holders for the time being of the Notes, or if preceded by a particular Class designation of Notes, the registered holders for the time being of such Class of Notes. The security for the Notes is constituted by a deed of charge and assignment (the "**Deed of Charge**") dated on the Closing Date and made between, among others, the Issuer and BNY Mellon Corporate Trustee Services 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, HSBC Bank plc as principal paying agent (in such capacity, the "**Principal Paying Agent**" and, together with any further or other paying agent appointed under the Agency Agreement, the "**Paying Agents**"), HSBC Bank plc as registrar (in such capacity, the "**Registrar**") and HSBC Bank plc 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 (the "**Master Definitions and Construction Schedule**") entered into by, *inter alios*, the Issuer, the Note Trustee and the Security Trustee on the Closing Date 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 during normal business hours at the specified office for the time being of each of the Paying Agents. The Noteholders are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the Transaction Documents applicable to them.

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 will initially be represented by a global note certificate in registered form (a "**Global Note**"). Each of the Class B VFN and the Class Z VFN will be in dematerialised registered form.

For so long as any of the Class A Notes are represented by a Global Note, transfers and exchanges of beneficial interests in such Global Note and entitlement to payments thereunder will be effected subject to and in accordance with the rules and procedures from time to time of Euroclear Bank SA/NV ("**Euroclear**") or Clearstream Banking, *société anonyme* ("**Clearstream, Luxembourg**"), as appropriate. The Global Note will be deposited with and registered in the name of a nominee of Euroclear and Clearstream, Luxembourg as their common safekeeper, and the other common depositary functions will be performed by the entity appointed by Euroclear and Clearstream, Luxembourg as their common service provider.

For so long as the Class A Notes are represented by the Global Note and Euroclear and Clearstream, Luxembourg so permit, the Class A Notes shall be tradable only in the minimum nominal amount of £100,000 and integral multiples of £1,000 in excess thereof.

The Global Note will be exchanged for the relevant Class A Notes in definitive registered form (such exchanged Global Note, the "**Registered Definitive Notes**") only if either of the following applies:

(a) both Euroclear and Clearstream, Luxembourg are closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or announce an intention permanently to cease business and do so cease to do business and no alternative clearing system is available; or

(b) as a result of any amendment to, or change in, the laws or regulations of the United Kingdom (or of any political subdivision thereof) or of any authority therein or thereof having power to tax, or in the interpretation or administration by a revenue authority or a court or in the application of such laws or regulations, which becomes effective on or after the Closing Date, the Issuer or any Paying Agent is or will be required to make any deduction or withholding for or on account of tax from any payment in respect of the Class A Notes which would not be required were the relevant Class A Notes in definitive registered form.

If Registered Definitive Notes are issued in respect of the Class A Notes originally represented by the Global Note, the beneficial interests represented by such Global Note shall be exchanged by the Issuer for the relevant Class A Notes in registered definitive form. The aggregate principal amount of the Registered 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 relevant Global Note.

Registered Definitive Notes (which, if issued, will be in the denomination set out below) will be serially numbered and will be issued in registered form only.

The minimum denomination of the Class A Notes in global and (if issued and printed) definitive form will be £100,000.

Each Class of the VFNs will have a minimum denomination of £100,000 and may be issued and redeemed in integral multiples of £1. No certificate evidencing entitlement to any of the VFNs will be issued.

Prior to the delivery of a Note Acceleration Notice, the Principal Amount Outstanding of the Class B VFN shall be at least equal to £100 unless the Available Principal Receipts and Available Revenue Receipts as at such date are sufficient to repay all the Notes in full. Prior to the delivery of a Note Acceleration Notice, the Principal Amount Outstanding of the Class Z VFN shall be at least equal to £100 unless the Available Principal Receipts and Available Revenue Receipts as at such date are sufficient to repay all the Notes in full.

The Class B VFN will be issued on the Closing Date with a nominal principal amount of £150,000,000 and a Principal Amount Outstanding of £82,784,000 will be subscribed for on the Closing Date. The Class Z VFN will be issued on the Closing Date with a nominal principal amount of £50,000,000 and a Principal Amount Outstanding of £14,669,600 will be subscribed for on the Closing Date.

References to "**VFN**" in these conditions mean each of the Class B VFN and the Class Z VFN (together, the "**VFNs**").

References to "**Notes**" in these Conditions shall include the Global Note, the VFNs and the Registered Definitive Notes.

2.2 **Title**

Title to the Global Note shall pass by and upon registration in the register (the "**Register**") which the Issuer shall procure to be kept by the Registrar. The registered holder of a Global Note may (to the fullest extent permitted by applicable laws) be deemed and treated at all times, by all persons and for all purposes (including the making of any payments), as the absolute owner of such Global Note regardless of any notice of ownership, theft or loss or any trust or other interest therein or of any writing thereon (other than the endorsed form of transfer).

Title to a Registered Definitive Note or a VFN shall only pass by and upon registration of the transfer in the Register or the VFN Register (as applicable) provided that no transferee shall be registered as a new Class B VFN Holder or a new Class Z VFN Holder (as the case may be) 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 (the Note Trustee shall only 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 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. The Issuer shall procure that the register in respect of the VFNs (the "**VFN Register**") is kept by the VFN Registrar.

"**Qualifying Noteholder**" means:

(a) a person which is beneficially entitled to interest in respect of the 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 the 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 ITA 2007.

Registered Definitive Notes may be transferred upon the surrender of the relevant Registered Definitive Note, with the form of transfer endorsed on it duly completed and executed, at the specified office of the Registrar. Such transfers shall be subject to the minimum denominations specified in Condition 2.1 (*Form and Denomination*). All transfers of Registered Definitive Notes are subject to any restrictions on transfer set forth on the Registered Definitive Notes and the detailed regulations concerning transfers in the Agency Agreement.

Each new Registered Definitive Note to be issued upon transfer of such Registered Definitive Note will, within five Business Days of receipt and surrender of such Registered Definitive Note (duly completed and executed) for transfer, be available for delivery at the specified office of the Registrar or be mailed at the risk of the transferee entitled to such Registered Definitive Note to such address as may be specified in the relevant form of transfer.

Registration of a Registered Definitive Note on transfer will be effected without charge by the Registrar, but subject to payment of (or the giving of such indemnity and/or security and/or prefunding as the Registrar may require for) any tax, stamp duty or other government charges which may be imposed in relation to it.

The Notes are not issuable in bearer form.

3. STATUS AND RELATIONSHIP BETWEEN THE NOTES AND SECURITY

3.1 Status and relationship between the Notes

(a) The Class A Notes constitute direct, secured and (subject to the limited recourse provision in Condition 11 (*Enforcement*)) unconditional obligations of the Issuer. The Class A Notes rank *pro rata* and *pari passu* without preference or priority among themselves in relation to payment of interest and principal at all times.

(b) The Class B VFN and the Class Z VFN constitute direct, secured and (subject as provided in Condition 17 (*Subordination by Deferral*) and the limited recourse provisions in Condition 11 (*Enforcement*)) unconditional obligations of the Issuer.

The Class B VFN ranks *pari passu* without preference or priority among themselves but junior to the Class A Notes, as provided in these Conditions and the Transaction Documents. The Class Z VFN rank *pari passu* without preference or priority among themselves, but junior to the Class A Notes and the Class B VFN as provided in these Conditions and the Transaction Documents. Accordingly, the interests of the Class B VFN Holder will be subordinated to the interests of the Class A Noteholders (so long as any Class A Notes remain outstanding), and the interests of the Class Z VFN Holder will be subordinated to the interests of the Class A Noteholders and the Class B VFN Holder (so long as any Class A Notes or Class B VFN remain outstanding).

(c) The Trust Deed and the Deed of Charge contain provisions requiring the Note Trustee and the Security Trustee, respectively, to have regard to the interests of the Noteholders equally as regards all rights, powers, trusts, authorities, duties and discretions of the Note Trustee and the Security Trustee (except where expressly provided otherwise) but requiring the Note Trustee and the Security Trustee in any such case to have regard only to the interests of (i) the Class A Noteholders if, in the Note Trustee's or, as the case may be, the Security Trustee's opinion, there is a conflict between the interests of, on the one hand, the Class A Noteholders and, on the other, the Class B VFN Holder and/or the Class Z VFN Holder; or (ii) the Class B VFN Holder if, in the Note Trustee's, or as the case may be, the Security Trustee's opinion, there is a conflict between the interests of, on the one hand, the Class B VFN Holder and, on the other, the Class Z VFN Holder. As long as the Notes are outstanding but subject to Condition 12.5 (*Meetings of Noteholders, Modification, Waiver and Substitution*), the Security Trustee shall not have regard to the interests of the other Secured Creditors.

(d) The Trust Deed and the Deed of Charge contain provisions limiting the powers of the Class B VFN Holder and the Class Z VFN Holder to request or direct the Note Trustee or the Security Trustee to take any action or to sanction a direction according to the effect thereof on the interests of the Class A Noteholders.

(e) 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 B VFN Holder and the Class Z VFN Holder.

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 undertakings;

(b) **Restrictions on activities**: (i) engage in any activity whatsoever which is not incidental to or necessary in connection with any of the activities in which the Transaction Documents provide or envisage that the Issuer will engage or (ii) have any subsidiaries, any subsidiary undertaking (as defined in the Companies Act 1985 and the Companies Act 2006 (as applicable)) or any employees (but shall procure that, at all times, it shall retain at least one independent director) or premises;

(c) **Disposal of assets**: 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 Priorities 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 Deposit Accounts, unless such account or interest therein is charged to the Security Trustee for itself and on trust for the other Secured Creditors on terms acceptable to the Security Trustee;

(j) **US 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; or

(l) **VAT**: apply to become part of any group for the purposes of sections 43 to 43D of the Value Added Tax Act 1994 and the VAT (Groups: eligibility) Order (S.I. 2004/1931) with any other company or group of companies, or such act, regulation, order,

statutory instrument or directive which may from time to time re-enact, replace, amend, vary, codify, consolidate or repeal any of the same.

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 Note, that part only of such Note) will cease to bear interest from and including the due date for redemption unless, upon due presentation in accordance with Condition 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 in December 2019.

Interest will be payable quarterly in arrear on the 21st day of March, June, September and December, in each year or, if such day is not a Business Day, on the immediately succeeding Business Day (each such date being an "**Interest Payment Date**"), for all classes of Notes.

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 be the period from (and including) the Closing Date) to (but excluding) the next succeeding Interest Payment Date.

5.3 Rate of Interest and Step-Up Margins

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 the Compounded Daily SONIA determined as at the related Interest Determination Date plus (A) from and including the Closing Date to (but excluding) the Optional Redemption Date, the Relevant Margin, or (B) from (and including) the Optional Redemption Date, the relevant Step-Up Margin, in each case, in respect of such class and, in the event that the Rate of Interest is less than zero per cent., the Rate of Interest shall be deemed to be zero per cent. There will be no maximum Rate of Interest.

Notwithstanding the provisions of these Conditions, in the event the Bank of England publishes guidance as to (i) how the SONIA Reference Rate is to be determined or (ii) any rate that is to replace the SONIA Reference Rate, the Agent Bank shall, to the extent that it is reasonably practicable, follow such guidance in order to determine SONIA for the purpose of the Notes for so long as the SONIA Reference Rate is not available or has not been published by the authorised distributors.

In the event that the Rate of Interest cannot be determined in accordance with the foregoing provisions by the Agent Bank, the Rate of Interest shall be (i) that determined as at the last preceding Interest Determination Date (though substituting, where a different Relevant Margin is to be applied to the relevant Interest Period from that which applied to the last preceding Interest Period, the Relevant Margin relating to the relevant Interest Period in place of the Relevant Margin relating to that last preceding Interest Period) or (ii) if there is no such preceding Interest Determination Date, the initial Rate of Interest which would have been applicable to the relevant Class of Notes for the first Interest Period had the Notes been in

issue for a period equal in duration to the scheduled first Interest Period but ending on (and excluding) that first Interest Payment Date (but applying the Relevant Margin applicable to the first Interest Period).

(a) From the Interest Payment Date falling in 21 June 2024 (the "**Step-Up Date**") and thereafter, a higher interest amount will be payable by the Issuer with respect to the Class A Notes. The Class A Notes (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 attract a relevant Step-Up Margin 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 Class A Note is improperly withheld or refused or default is otherwise made in respect of the payment, in which event the Step-Up Margin shall continue to accrue as provided in the Trust Deed.

(b) The Step-Up Margin set out in paragraph (c)(vii) below will be payable quarterly in arrear on each Interest Payment Date from (and including) the Interest Payment Date following the Step-Up Date for each of the Class A Notes.

(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 open for general business (including dealing in foreign exchange and foreign currency deposits) in London;

(ii) "**Compounded Daily SONIA**" means the rate of return of a daily compound interest investment (with the daily Sterling overnight reference rate as reference rate for the calculation of interest) and will be calculated by the Agent Bank as at the Interest Determination Date, as follows, and the resulting percentage will be rounded if necessary to the fourth decimal place, with 0.00005% being rounded upwards:

$$\left[\prod_{i=1}^{d_o}\left(1+\frac{SONIA_{i-5LBD}\times n_i}{365}\right)-1\right]\times\frac{365}{d}$$

Where:

"**d**" is the number of calendar days in the relevant Interest Period;

"$\mathbf{d_o}$" is the number of Business Days in the relevant Interest Period;

"**i**" is a series of whole numbers from one to d_o, each representing the relevant Business Day in chronological order from, and including, the first Business Day in the relevant Interest Period;

LBD means a Business Day;

"$\mathbf{n_i}$", for any day "**i**", means the number of calendar days from and including such day "i" up to but excluding the following Business Day; and

"$\mathbf{SONIA_{i-5LBD}}$" means, in respect of any Business Day falling in the relevant Interest Period, the SONIA Reference Rate for the Business Day falling five Business Days prior to that Business Day "i";

(iii) "**Interest Determination Date**" means the fifth Business Day before the Interest Payment Date for which the relevant Rate of Interest will apply;

(iv) "**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 Closing Date) and ending on, but excluding, the date falling five Business Days prior to the Interest Payment Date for such Interest Period (or, if applicable, the date falling five Business Days prior to any other date on which a payment of interest is to be made in respect of the Notes);

(v) "**Relevant Margin**" means:

(A) prior to the Step-Up Date, in respect of each Class of the Notes, the following percentage per annum:

(I) in respect of the Class A Notes, 0.85 per cent. per annum (the "**Class A Margin**");

(II) in respect of the Class B VFN, 0.00 per cent. per annum (the "**Class B Margin**"); and

(III) in respect of the Class Z VFN, 0.00 per cent. per annum (the "**Class Z Margin**"); and

(B) on and after the Step-Up Date, the Step-Up Margin;

(vi) "**Screen**" means Reuters Screen SONIA Page or such other page as may replace Reuters Screen SONIA on that service for the purpose of displaying such information or if that service ceases to display such information, such page as displays such information on such service as may replace such screen;

(vii) "**Step-Up Margin**" means, from and including the Step-Up Date in respect of the Class A Notes, 1.70 per cent. per annum;

(viii) "**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, and published by, authorised distributors of the rate as of 9.00 a.m. London time on the Screen or, if the Screen is unavailable, as otherwise published by such authorised distributors (on the Business Day immediately following such Business Day).

If, in respect of any Business Day in the relevant Observation Period, the Agent Bank determines that the SONIA Reference Rate is not available on the Screen or has not otherwise been published by the relevant authorised distributors, such SONIA Reference Rate shall be: (i) the Bank of England's Bank Rate (the "**Bank Rate**") prevailing at close of business on the relevant Business Day; plus (ii) the mean of the spread of the SONIA Reference Rate to the Bank Rate over the previous five days on which a SONIA Reference Rate has been published, excluding the highest spread (or, if there is more than one highest spread, one only of those highest spreads) and lowest spread (or, if there is more than one lowest spread, one only of those lowest spreads) to the Bank Rate.

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 Sterling 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 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 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, the Interest Amounts for each Interest Period and each Interest Payment Date to be notified to the Issuer, the Cash Manager, the Registrar, the 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 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 **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 or the Cash Manager, will (in the absence of manifest error) be binding on the Issuer, the Cash Manager, the Note Trustee, the Agent Bank, the Registrar, the 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 Registrar, the 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.

5.7 **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. The Agent Bank may not resign its duties or be removed without a successor having been appointed.

5.8 **Determinations and Reconciliation**

(a) In the event that the Cash Manager does not receive the Servicer Reports with respect to a Collection Period (each such period, a "**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 Servicer Reports in respect of the three most recent Collection Periods, any previous Servicer Reports) for the purposes of calculating the amounts available to the Issuer to make payments, as set out in this Condition 5.8. When the Cash Manager receives the Servicer Reports relating to the Determination Period, it will make the reconciliation calculations and reconciliation payments as set out in Condition 5.8(c) (*Determinations and Reconciliation*). Any (i) calculations properly made on the basis of such estimates in accordance with Conditions 5.8(b) and/or 5.8(c) (*Determinations and Reconciliation*); (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 Condition 5.8(b) and/or 5.8(c) (*Determinations and Reconciliation*), shall be deemed to be made in accordance with the provisions of the Transaction Documents and will in themselves not lead to an Event of Default and no liability will attach to the Cash Manager in connection with the exercise by it of its powers, duties and discretion for such purposes.

(b) In respect of any Determination Period, the Cash Manager shall:

(i) determine the Interest Determination Ratio (as defined below) by reference to the most recent three Collection Periods for which there are Servicer Reports available for each of the three months in such Collection Period (or, where there are not at least three such Collection Periods, any previous Collection Periods) received in the preceding Collection Periods;

(ii) calculate the Revenue Receipts for such Determination Period as the product of (A) the Interest Determination Ratio and (B) all collections received by the Issuer during such Determination Period (the "**Calculated Revenue Receipts**"); and

(iii) calculate the Principal Receipts for such Determination Period as the product of (A) 1 minus the Interest Determination Ratio and (B) all collections received by the Issuer during such Determination Period (the "**Calculated 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 5.8(b) above to the actual collections set out in the Servicer Reports by allocating the Reconciliation Amount (as defined below) 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.

"**Interest Determination Ratio**" means (a) the aggregate Revenue Receipts calculated in the most recent three Collection Periods for which there are Servicer Reports available for each of the three months in such Collection Period (or, where there are not at least three such Collection Periods, any previous Collection Periods) divided by (b) the aggregate of all Revenue Receipts and all Principal Receipts calculated in such Collection Periods.

"**Reconciliation Amount**" means, in respect of any Collection Period, (a) the actual Principal Receipts as determined in accordance with the Servicer Reports available for each of the three months in such Collection Period, *less* (b) the Calculated Principal Receipts in respect of such Collection Period, *plus* (c) any Reconciliation Amount not applied in previous Collection Periods.

"**Servicer Reports**" means the reports to be provided by the Servicer to the Cash Manager in accordance with Clause 12.5 of the Servicing Agreement (each a "**Servicer Report**").

6. PAYMENTS

6.1 Payment of Interest and Principal

Payments of principal and interest shall be made upon application by the relevant Noteholder to the specified office of the Principal Paying Agent (or the VFN Registrar in respect of any VFN) not later than the 15th day before the due date for any such payment, by transfer to a Sterling account maintained by the payee with a bank in London and (in the case of final redemption of a Class A Note) upon surrender (or, in the case of part payment only, endorsement) of the relevant Global Note or Registered Definitive Notes (as the case may be) at the specified office of any Paying Agent.

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 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, U.S. Treasury regulations or administrative guidance promulgated thereunder or any law or agreement 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 Condition 5.3(b) (*Rate of Interest and Step-Up Margins*) will be paid in accordance with this Condition 6.

6.4 Change of Paying Agents

The Issuer reserves the right, subject to the prior written approval of the Note Trustee, at any time to vary or terminate the appointment of the Principal Paying Agent or the Registrar or

the VFN Registrar and to appoint additional or other agents, **provided that** there will at all times be (a) a person appointed to perform the obligations of the Principal Paying Agent with a specified office in London and (b) a Registrar and a VFN Registrar with a specified office in Luxembourg or in London.

Except where otherwise provided in the Trust Deed or the Agency Agreement, the Issuer will cause notice of no more than 30 days and no less than 15 days of any change in or addition to the Paying Agents, the Registrar or the 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 a Paying Agent or the VFN Registrar makes a partial payment in respect of any Note, the Registrar and/or VFN Registrar (as applicable) will, in respect of the relevant Note, annotate the Register and/or the VFN Register (as applicable), indicating the amount and date of such payment.

6.7 **Payment of Interest**

If interest is not paid in respect of a Note of any Class 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*)), then such unpaid interest shall itself bear interest at the Rate of Interest applicable from time to time to such Note until such interest and interest thereon are available for payment and notice thereof has been duly given to the Noteholders 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 the Notes at their respective Principal Amounts Outstanding on the Interest Payment Date falling in March 2067 (the "**Final Maturity Date**") (and for the avoidance of doubt, the order of priority on such redemption shall be as set out in the Pre-Acceleration Priority of Payments).

7.2 **Mandatory Redemption**

(a) On each Interest Payment Date falling in the Further Sale Period and prior to the service of a Note Acceleration Notice, the Class A Notes shall, subject to Conditions 7.3 (*Optional Redemption of the Class A Notes in Full*) and 7.4 (*Optional Redemption 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, be redeemed in an amount required to reduce the Principal Amount Outstanding of the Class A Notes to the target principal balance set out alongside the relevant Interest Payment Date in the Class A principal payment schedule (the **Class A Principal Payment Schedule**) set out in the Appendix to these Conditions (such amount, the "**Class A Target Amortisation Amount**").

(b) On each Interest Payment Date not falling in the Further Sale Period and prior to the service of a Note Acceleration Notice, each of the Class A Notes and the Class B VFN shall, subject to Conditions 7.3 (*Optional Redemption of the Class A Notes in Full*) and 7.4 (*Optional Redemption for Taxation or Other Reasons*), be redeemed in an amount equal to the Available Principal Receipts available for such purpose according to the Pre-Acceleration Principal Priority of Payments which shall be applied (i) to repay the Class A Notes until they are each repaid in full and thereafter be applied (ii) to repay the Class B VFN until (A) on any Interest Payment Date prior to the delivery of a Note Acceleration Notice where all other Classes of Notes are to be redeemed in full, the Class B VFN is repaid in full; or (B) on any Interest Payment Date prior to the delivery of a Note Acceleration Notice where all other Classes of Notes will not be redeemed in full, until a Principal Amount Outstanding of at least £100 remains outstanding in respect of the Class B VFN.

(c) The Class Z VFN will be redeemed on each Interest Payment Date prior to the service of a Note Acceleration Notice in an amount equal to the Available Revenue Receipts available for such purpose according to the Pre-Acceleration Revenue Priority of Payments until (i) on any Interest Payment Date prior to the delivery of a Note Acceleration Notice where all other Classes of Notes are to be redeemed in full, the Class Z VFN is repaid in full; or (ii) on any Interest Payment Date prior to the delivery of a Note Acceleration Notice where all other Classes of Notes will not be redeemed in full, until a principal amount of £100 remains outstanding on the Class Z VFN.

(d) The principal amount redeemable in respect of each of the Notes (the "**Note Principal Payment**") on any Interest Payment Date shall be in the case of the Notes (other than the Class Z VFN), the Available Principal Receipts available for such purpose on the Calculation Date immediately preceding the Interest Payment Date to be applied in redemption of that Class divided by the number of Notes in that Class in the relevant denomination then outstanding. With respect to each Note on (or as soon as practicable after) each Calculation Date, the Issuer shall determine (or cause the Cash Manager to determine) (i) the amount of any Note Principal Payment due on the Interest Payment Date next following such Calculation Date, (ii) the Principal Amount Outstanding of each such Note and (iii) the fraction expressed as a decimal to the sixth decimal point (the "**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 the Class A Notes, is 100,000 and, in the case of the Class B VFN and the Class Z VFN, is 100. Each determination by or on behalf of the Issuer of any principal repayment, the Principal Amount Outstanding of a Note and the Pool Factor shall in each case (in the absence of wilful default, bad faith or manifest error) be final and binding on all persons.

(e) The Issuer or Cash Manager will cause each determination of a Note Principal Payment, Principal Amount Outstanding and Pool Factor to be notified by not less than two Business Days prior to the relevant Interest Payment Date to the Note Trustee, the Paying Agents, the Agent Bank and (for so long as the Class A Notes are listed on the Official List of the Central Bank of Ireland and admitted to trading on

Euronext Dublin) Euronext Dublin, and will immediately cause notice of each such determination to be given to the Noteholders 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 any Class of Notes on any Interest Payment Date, a notice to this effect will be given by the Issuer to the Noteholders in accordance with Condition 15 (*Notice to Noteholders*).

7.3 **Optional Redemption of the Class A Notes in Full**

(a) On giving not more than 60 nor less than 10 days' notice to the Class A Noteholders in accordance with Condition 15 (*Notice to Noteholders*) and the Note Trustee and the Fixed Rate Swap Provider, and provided that:

(i) on or prior to the Interest Payment Date on which such notice expires (such Interest Payment Date on which the redemption occurs, 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 (upon which certificate the Note Trustee may rely without further enquiry or liability to any person) 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 Revenue Priority of Payments and Pre-Acceleration Principal Priority of Payments, as applicable); and

(iii) the Optional Redemption Date is (A) the Step-Up Date or any Interest Payment Date thereafter; or (B) any Interest Payment Date on which the aggregate Principal Amount Outstanding of all the Class A Notes is equal to or less than 10 per cent. of the aggregate Principal Amount Outstanding of the Class A Notes on the Closing Date,

the Issuer may redeem on any Optional Redemption Date all of the Class A Notes on such Optional Redemption Date.

(b) Any Class A Notes redeemed pursuant to Condition 7.3(a) above will be redeemed at an amount equal to the Principal Amount Outstanding of the relevant Class A Notes to be redeemed, together with accrued (and unpaid) interest on the Principal Amount Outstanding of the relevant Class A Notes up to but excluding the Optional Redemption Date.

7.4 **Optional Redemption for Taxation or Other Reasons**

If 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, either (a) on or before the next Interest Payment Date the Issuer or the Paying Agents would be required to deduct or withhold from any payment of principal or interest on any Notes (other than because the relevant holder has some connection with the United Kingdom other than the holding of such Notes), or the Issuer or the Fixed Rate Swap Provider would be required to deduct or withhold from any payment in respect of the Fixed Rate Swap Agreement any amount for, or on account of, any

present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of the United Kingdom or any political sub-division thereof or any authority thereof or therein having power to tax; (b) the total amount payable in respect of interest in relation to any of the Mortgages for an Interest Period ceases to be receivable (whether or not actually received) by the Issuer during such Interest Period; or (c) the Issuer would be subject to United Kingdom corporation tax in an accounting period on an amount which materially exceeds the aggregate Issuer Profit Amount retained during that accounting period, then the Issuer shall, if the same would avoid the effect of such relevant event described 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 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 absolutely, without liability and without investigation or inquiry, on:

(A) any written confirmation from each of the Rating Agencies that the then current ratings of the Class A Notes would not be adversely affected by such substitution: or

(B) a written certification from the Issuer (on the basis of the appropriate advice having been received by the Issuer) to the Note Trustee that such proposed action:

(I) (while any Class A Notes remain outstanding) has been notified to the Rating Agencies;

(II) would not have an adverse impact on the Issuer's ability to make payment when due in respect of the Notes;

(III) would not affect the legality, validity and enforceability of any of the Transaction Documents or any Security; and

(IV) would not have an adverse effect on the rating of the Class A Notes (upon which confirmation or certificate the Note Trustee shall be entitled to rely absolutely, without further enquiry and without liability to any person for so doing); and

(ii) such substitution would not require registration of any new security under U.S. securities laws or materially increase the disclosure requirements under U.S. law.

If the Issuer certifies to the Note Trustee (upon which certification the Note Trustee may be entitled to rely absolutely and without further enquiry or liability), immediately before giving the notice referred to below, that the event described 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 Fixed Rate 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, 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 the circumstances referred to above prevail;

(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 and each of the Paying Agents has or will become obliged to deduct or withhold amounts as a result of such change. The Note Trustee shall be entitled to accept without enquiry or liability such certificate and opinion as sufficient evidence of the satisfaction of the circumstance set out in the paragraph immediately above, in which event they shall be conclusive and binding on the Class A Noteholders.

The Issuer may only redeem the Class A Notes as described above if the Issuer has certified to the Note Trustee (upon which certification the Note Trustee may be entitled to rely absolutely and without further enquiry) that it will have the necessary funds, not subject to the interest of any other person, required to redeem the 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.

7.5 **Principal Amount Outstanding**

(a) The "**Principal Amount Outstanding**" of the Class A Notes on any date shall be their original principal amount of £500,000,000 less the aggregate amount of all principal payments in respect of such Class A Notes which have been made since the Closing Date.

(b) The Principal Amount Outstanding of the Class B VFN shall be, as at a particular day (the "**Reference Date**"), the total principal amount of all drawings under the Class B VFN on and since the Closing Date less the aggregate amount of all principal payments in respect of such Class B VFN which have been made since the Closing Date and not later than the Reference Date.

(c) The Principal Amount Outstanding of the Class Z VFN shall be, as at a 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 such Reference Date.

7.6 **Notice of Redemption**

Any such notice as is referred to in Condition 7.3 (*Optional Redemption of the Class A Notes in Full*) and Condition 7.4 (*Optional Redemption for Taxation or Other Reasons*) above 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 7.3 (*Optional Redemption of the Class A Notes in Full*) or Condition 7.4 (*Optional Redemption for Taxation or Other Reasons*) may be relied on by the Note Trustee without further investigation or liability and, if so relied on, shall be conclusive and binding on the Noteholders.

Amounts to be applied towards redemption of Notes pursuant to this Condition 7 shall be applied in accordance with the Pre-Acceleration Principal Priority of Payments.

7.7 **Purchase by the Issuer**

The Issuer may at any time purchase Notes using Principal Receipts, provided that all of the Notes in each Class in respect of which payment of principal ranks in order of priority ahead of payment of principal in respect of the Notes to be purchased have been redeemed in full and, in the case of any purchase of Definitive Notes, all unmatured coupons, receipts appertaining thereto are attached thereto or surrendered therewith.

7.8 **Cancellation**

All Class A Notes redeemed in full will be cancelled upon redemption and may not be resold or re-issued.

Each VFN will be cancelled when redeemed in full on the VFN Commitment Termination Date and may not be resold or re-issued once cancelled.

"**VFN Commitment Termination Date**" means the date on which the commitment of the VFN Holder in respect of the Class B VFN and the Class Z VFN will be extinguished, such date being the earlier to occur of:

(a) the Interest Payment Date falling in March 2067; or

(b) an Event of Default.

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. In that event, subject to Condition 7.4 (*Optional Redemption for Taxation or Other Reasons*), the Issuer or, as the case may be, the relevant Paying Agent shall make such payment after the withholding or deduction has been made and shall account to the relevant authorities for the amount required to be withheld or

deducted. Neither the Issuer nor any Paying Agent nor any other person shall be obliged to make any additional payments to Noteholders in respect of such withholding or deduction.

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 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 per cent. in aggregate Principal Amount Outstanding of the Class A Notes then outstanding or if so directed by an Extraordinary Resolution of the Class A Notes shall, (subject, in each case, to being indemnified and/or prefunded and/or secured to its satisfaction) give a notice (a "**Note Acceleration Notice**") to the Issuer and the Fixed Rate Swap Provider 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, if any of the following events (each, an "**Event of Default**") occur:

(a) subject to Condition 17 (*Subordination by Deferral*), if default is made in the payment of any principal or interest (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) (*Mandatory Redemption*) due in respect of the Class A Notes 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 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 Class A Noteholders; 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 Class A Noteholders, 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 B VFN**

This Condition 10.2 shall not apply as long as any Class A Note is outstanding. Subject thereto, for so long as the Class B VFN is outstanding, the Note Trustee shall, if so directed by the Class B VFN Holder, (subject to being indemnified and/or prefunded and/or secured to its satisfaction as more particularly described in the Trust Deed) 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 B 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) (*Class A Notes*) occurs with references, where applicable, to Class A Noteholders being read as Class B VFN Holder.

10.3 **Class Z VFN**

This Condition 10.3 shall not apply as long as any Class A Note or the Class B VFN is outstanding. Subject thereto, for so long as the Class Z VFN is outstanding, the Note Trustee shall, if so directed by the Class Z VFN Holder, (subject, in each case, to being indemnified and/or prefunded and/or secured to its satisfaction as more particularly described in the Trust Deed) 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) (*Class A Notes*) occurs with references, where applicable, to Class A Noteholders being read as Class Z VFN Holder.

10.4 **General**

Upon the service of a Note Acceleration Notice by the Note Trustee in accordance with Condition 10.1 (*Class A Notes*), Condition 10.2 (*Class B VFN*) or Condition 10.3 (*Class Z VFN*), all the Notes then outstanding shall thereby immediately become due and repayable at their respective Principal Amounts Outstanding, together with accrued interest as provided in the Trust Deed.

11. ENFORCEMENT

11.1 **General**

The Note Trustee may, at any time, at its discretion and without notice, take such proceedings (including lodging an appeal in any 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 the Notes or the Trust Deed (including these Conditions) or any of the other Transaction Documents to which it is a party or, for as long as any Notes are outstanding, direct the Security Trustee to enforce the Security in accordance with the terms of the Deed of Charge. However, the Note Trustee and the Security Trustee (as applicable) shall not be bound to take any such proceedings, action or steps, and the Security Trustee shall not be bound to act on any such direction or instruction, 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 (*Action, Proceedings and Indemnification*) and Schedule 3 to the Trust Deed), it shall have been so directed (or the Note Trustee shall have been directed to direct the Security Trustee) by an Extraordinary Resolution of the Class A Noteholders for so long as there are any Class A Notes outstanding or directed in writing by the holders of at least 25 per cent. in aggregate Principal Amount Outstanding of the Class A Notes then outstanding or (if there are no Class A Notes outstanding) it shall have been directed in writing by the Class B VFN Holder or (if there are no Class A Notes or Class B VFN outstanding) it shall have been directed in writing by the Class Z VFN Holder; and

(b) in all cases, it and the Security Trustee (as applicable) shall have been indemnified and/or prefunded and/or secured to their 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 B VFN Holder or the Class Z VFN Holder so long as any Class A Notes are outstanding.

No Noteholder may proceed directly against the Issuer unless the Note Trustee, having become bound to do so, fails to do so within a reasonable period of time and such failure is continuing. Any proceeds received by a Noteholder pursuant to any such proceedings shall be paid promptly following receipt thereof to the Note Trustee (for application pursuant to the relevant Priority of Payments).

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 assets charged by the Issuer pursuant to the Deed of Charge 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 (i) once all of the Class A Noteholders have been repaid, to the Class B VFN Holder (and all persons ranking in priority thereto) or (ii) once all the Class A Noteholders and the Class B VFN Holder 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), that the cash flow prospectively receivable by the Issuer will not (or that there is a significant risk that it will not) be sufficient, having regard to any other relevant actual, contingent or prospective liabilities of the Issuer, to discharge in full in due course all amounts owing to the Class A Noteholders (or (A) once all of the Class A Noteholders have been repaid, to the Class B VFN Holder (and all persons ranking in priority thereto) or (B) once all the Class A Noteholders and the Class B VFN Holder 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. The Security Trustee shall be entitled to rely upon any financial or other professional advice referred to in this Condition 11.2 without further enquiry and shall incur no liability to any person for so doing.

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**

If at any time following:

(a) the occurrence of either:

(i) the Final Maturity Date or any earlier date upon which all of the Notes of each Class are due and payable; or

(ii) the service of a Note Acceleration Notice; and

(b) realisation of the Charged Property and application in full of any amounts available to pay amounts due and payable under the Notes in accordance with the applicable Payments Priorities,

the proceeds of such Realisation are insufficient, after the same have been allocated in accordance with the applicable Priority of Payments, to pay in full all claims ranking in priority to the Notes and all amounts then due and payable under any class of Notes, then the amount remaining to be paid (after such application in full of the amounts first referred to in paragraph (b) above) under such Class of Notes (and any Class of Notes junior to that Class

of Notes) shall, on the day following such application in full of the amounts referred to in paragraph (b) above, cease to be due and payable by the Issuer.

For the purposes of this Condition 11:

"**Realisation**" means, in relation to any Charged Property, the deriving, to the fullest extent practicable, (in accordance with the provisions of the Relevant Documents) of proceeds from or in respect of such Charged Property including (without limitation) through sale or through performance by an obligor.

"**Charged Property**" means the property of the Issuer which is subject to the Security.

12. MEETINGS OF NOTEHOLDERS, MODIFICATION, WAIVER AND SUBSTITUTION

12.1 The Trust Deed contains provisions for convening meetings of the Class A Noteholders, including the sanctioning by Extraordinary Resolution of a modification of these Conditions or the provisions of any of the Transaction Documents.

12.2 An Extraordinary Resolution (other than in relation to a Basic Terms Modification) passed at any meeting of the Class A Noteholders shall be binding on the Class B VFN Holder and the Class Z VFN Holder irrespective of the effect upon them, except that an Extraordinary Resolution to sanction a modification of these Conditions or the provisions of any of the Transaction Documents or a waiver or authorisation of any breach or proposed breach thereof or certain other matters specified in the Trust Deed will not take effect unless: (a) either the Note Trustee is of the opinion that it would not be materially prejudicial to the interests of the Class B VFN Holder or it shall have been sanctioned by a direction of the Class B VFN Holder; and (b) either the Note Trustee is of the opinion that it would not be materially prejudicial to the interests of the Class Z VFN Holder or it shall have been sanctioned by a direction of the Class Z VFN Holder, subject to Condition 12.4 (*Quorum*) and shall be notified by the Issuer to Moody's and Fitch.

12.3 Other than in respect of an Extraordinary Resolution directing the Note Trustee to give a Note Acceleration Notice:

(a) a resolution which, in the opinion of the Note Trustee, affects the interests of the holders of only one Class of Notes shall be deemed to have been duly passed if passed at a separate meeting or by a separate Extraordinary Written Resolution of the holders of that Class of Notes;

(b) a resolution which, in the opinion of the Note Trustee, affects the interests of the holders of more than one Class of Notes but does not give rise to a conflict of interest between the holders of one Class of Notes and the holders of another Class of Notes so affected shall be deemed to have been duly passed if passed at a single meeting or single Extraordinary Written Resolution of the holders of all the Classes of Notes so affected;

(c) a resolution which, in the opinion of the Note Trustee, affects the interests of the holders of more than one Class of Notes and gives or may give rise to a conflict of interest between the holders of one Class of Notes or group of Classes of Notes so affected and the holders of another Class of Notes or group of classes so affected shall be deemed to have been duly passed only if passed at separate meetings or by separate Extraordinary Written Resolutions of the holders of each Class of Notes or group of classes so affected.

12.4 **Quorum**

(a) Subject as provided below, the quorum at any meeting of Class A Noteholders for passing an Ordinary Resolution will be one or more persons holding or representing not less than 25 per cent. of the aggregate Principal Amount Outstanding of such Class of Notes, or, at any adjourned meeting, one or more persons being or representing not less than 10 per cent. of the number of the relevant Class or Classes of Notes.

(b) Subject as provided below, the quorum at any meeting of Class A Noteholders for passing an Extraordinary Resolution will be one or more persons holding or representing not less than 50 per cent. of the aggregate Principal Amount Outstanding of such Class of Notes, or, at any adjourned meeting, one or more persons being or representing not less than 25 per cent. of the number of the relevant Class or Classes of Notes.

(c) Subject to the more detailed provisions set out in the Trust Deed, the quorum at any meeting of Class A Noteholders 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, (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, (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, (vii) alter the definition of "outstanding" in the Master Definitions and Construction Schedule, or (viii) alter any of the provisions contained in this exception (each, a "**Basic Terms Modification**") shall be one or more persons holding or representing not less than 75 per cent. or, at any adjourned meeting, not less than 50 per cent. of the Principal Amount Outstanding of the Class A Notes.

The Trust Deed contains similar provisions in relation to directions in writing from the Noteholders upon which the Note Trustee is bound to act.

12.5 Subject to Condition 12.15 (*Mandatory consents*) and Condition 12.16 (*Additional Right of Modification*), the Note Trustee may, from time to time and at any time, without the consent or sanction of the Noteholders or the other Secured Creditors, concur with the Issuer or any other person or instruct the Security Trustee to concur with the Issuer or any other person, in making or sanctioning any modification:

(a) to the Conditions, the Trust Deed or any other Transaction Document, other than in respect of a Basic Terms Modification, which in the opinion of the Note Trustee will not be materially prejudicial to the interests of the Noteholders or the interests of the Note Trustee or the Security Trustee; or

(b) to the Conditions, the Trust Deed or any other Transaction Document if in the opinion of the Note Trustee such modification is of a formal, minor or technical nature or to correct a manifest error,

provided that, in respect of any changes to any of the Transaction Documents which would have the affect of altering the amount, timing or priority of any payments due from the Issuer

to the Fixed Rate Swap Provider, the written consent of the Fixed Rate Swap Provider is required.

The Note Trustee and the Security Trustee shall not 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 (a) exposing the Note Trustee or the Security Trustee, as applicable, to any Liability against which it has not been indemnified and/or secured and/or pre-funded to its satisfaction or (b) increasing the obligations or duties, or decreasing the rights, powers, authorities, indemnification or protections, of the Note Trustee or the Security Trustee, as applicable, in the Transaction Documents and/or these Conditions.

12.6 The Note Trustee may also, without the consent or sanction of the Noteholders or the other Secured Creditors and without prejudice to its rights in respect of any subsequent breach or Event of Default at any time and from time to time but only if and insofar as in the sole opinion of the Note Trustee (acting in accordance with the Trust Deed) the interests of the Noteholders shall not be materially prejudiced thereby, waive or authorise any breach or proposed breach by the Issuer or any other person of any of the covenants or provisions contained in the Trust Deed or any other Transaction Document or determine that any Event of Default shall not be treated as such (and so long as there are any Notes outstanding direct the Security Trustee to do any of the foregoing), provided that the Note Trustee shall not exercise any power conferred on it in contravention of any express direction given by Extraordinary Resolution of the Class A Noteholders (or, if there are no Class A Notes outstanding, the Class B VFN Holder, or if there are no Class A Notes outstanding and no Class B VFN outstanding, the Class Z VFN Holder) 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.

12.7 Any such modification, waiver, authorisation or determination may be given or made on such terms and subject to such conditions (if any) as the Note Trustee shall determine and shall be binding on the Noteholders and, unless the Note Trustee or, as the case may be, the Security Trustee agrees otherwise, any such modification shall be notified by the Issuer to the Noteholders as soon as practicable thereafter in accordance with Condition 15 (*Notice to Noteholders*).

12.8 Any modification to the Transaction Documents shall be notified by the Issuer in writing to the Rating Agencies.

12.9 In connection with any such substitution of principal debtor referred to in Condition 7.4 (*Optional Redemption for Taxation or Other Reasons*), the Note 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, be materially prejudicial to the interests of the Noteholders of any Class.

12.10 In determining whether a proposed action will not be materially prejudicial to the Noteholders or any Class thereof, the Note Trustee may, among other things, have regard to whether the Rating Agencies have confirmed 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 rating 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 rating of the Class A 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 and the Note Trustee, the Noteholders or any other person whether by way of contract or otherwise.

The Note Trustee may, for the purposes of determining whether any action or omission of the Note Trustee would be materially prejudicial to the Class B VFN Holder and/or Class Z VFN Holder, rely upon a written direction from such Class B VFN Holder and/or Class Z VFN Holder (as applicable). Where the Note Trustee requests such a direction, it shall not be bound to take any action until such direction is received by the Note Trustee.

12.11 Where, in connection with the exercise or performance by each of them of any right, power, trust, authority, duty or discretion under or in relation to these Conditions or any of the Transaction Documents (including, without limitation, in relation to any modification, waiver, authorisation, determination, substitution or change of laws as referred to above), the Note Trustee or the Security Trustee is required to have regard to the interests of the Noteholders of any Class or Classes, it shall have regard to the general interests of the Noteholders of such Class or Classes as a Class as a whole but shall not have regard to any interests arising from circumstances particular to individual Noteholders (whatever their number) and, in particular, but without limitation, shall not have regard to the consequences of any such exercise or performance for individual Noteholders (whatever their number) resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory or any political sub-division thereof, and the Note Trustee or, as the case may be, the Security Trustee shall not be entitled to require, nor shall any Noteholder be entitled to claim from the Issuer, the Note Trustee or the Security Trustee or any other person any indemnification or payment in respect of any tax consequences of any such exercise upon individual Noteholders.

12.12 "**Extraordinary Resolution**" means:

(a) a resolution passed at a meeting of the Class A Noteholders duly convened and held in accordance with the Trust Deed and the Conditions by a majority consisting of not less than two thirds of the Eligible Persons to attend and vote at such meeting upon a show of hands or, if a poll is duly demanded, by a majority consisting of not less than three-quarters of the votes cast on such poll; or

(b) a resolution in writing, in each case, signed by or on behalf of:

(i) the Class A Noteholders (of not less than three-quarters in aggregate Principal Amount Outstanding of the Class A Notes then outstanding);

(ii) the Class B VFN Holder; or

(iii) the Class Z VFN Holder,

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 relevant Noteholders ("**Extraordinary Written Resolutions**" and each, an "**Extraordinary Written Resolution**").

(c) In this Condition 12.12 and Condition 12.13, "**Eligible Person**" means: any one of the following persons who shall be entitled to attend and vote at a meeting:

(i) a bearer of any Voting Certificate; and

(ii) a proxy specified in any Block Voting Instruction.

12.13 "**Ordinary Resolution**" means:

(a) a resolution passed at a meeting duly convened and held in accordance with these presents by a clear majority of the Eligible Persons voting thereat on a show of hands or, if a poll is duly demanded, by a clear majority of the votes cast on such poll; or

(b) a resolution in writing, in each case signed by or on behalf of:

(i) the Class A Noteholders of not less than a clear majority in aggregate Principal Amount Outstanding of the Class A Notes then outstanding;

(ii) the Class B VFN Holder; or

(iii) the Class Z VFN Holder,

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 relevant Noteholders ("**Ordinary Written Resolutions**" and each an "**Ordinary Written Resolution**").

12.14 **Issuer Substitution Condition**

The Note Trustee may concur with the Issuer to any substitution under these Conditions and 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 12.14, 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.

12.15 **Mandatory consents**

Without prejudice to the provisions of Conditions 12.5 (*Meetings of Noteholders, Modification, Waiver and Substitution*) and 12.6 (*Meetings of Noteholders, Modification, Waiver and Substitution*), the Issuer, the Cash Manager and/or the Fixed Rate Swap Counterparty (each, a "**Requesting Party**") may, at any time during the term of the Trust Deed, request that the Note Trustee agree and/or (for as long as any Notes remain outstanding) direct the Security Trustee to agree amendments to or waivers in respect of any Transaction Documents, enter into new Transaction Documents or consent to any other relevant party doing so (as the case may be) to effect:

(a) the appointment of a new Swap Collateral Account Bank and the entry into of related documentation (including any new or replacement Swap Collateral Account Bank Agreement), in accordance with the terms of the Fixed Rate Swap Agreement and the Cash Management Agreement; and/or

(b) the closure of the Collection Account held with the Collection Account Bank, the appointment of an alternative bank (which may or may not be The Co-operative Bank) as the replacement collection account bank (the "**Replacement Collection Account Bank**"), the opening of one or more replacement collection accounts with the Replacement Collection Account Bank (which may each be used to collect direct debit payments in respect of the Seller and/or other payments in respect of loans not in the Portfolio) (each, a "**Replacement Collection Account**"), the transfer of any monies from the Collection Account to a Replacement Collection Account and the entry into of all related documentation (including any declaration of trust over the Replacement Collection Account),

(together, the "**Transaction Amendments**"),

irrespective of whether such Transaction Amendments are or may be materially prejudicial to the interests of the Noteholders of any Class, any other Secured Creditor or any other parties to any Transaction Documents and irrespective of whether such Transaction Amendments constitute or may constitute a Basic Terms Modification, and the Note Trustee and the Security Trustee (if directed by the Note Trustee) shall enter into, or (where the Note Trustee or, as the case may be, the Security Trustee is not a party to the relevant Transaction Document) provide their consent in respect of, such Transaction Amendments without the consent of the Noteholders or any other Secured Creditors if the Amendment Conditions are satisfied.

"**Amendment Conditions**" means:

(a) a certificate in writing from the relevant Requesting Party (where the Requesting Party is the Fixed Rate Swap Provider, such certificate to be countersigned by the Cash Manager for so long as The Co-operative Bank is the sole Cash Manager) to the Note Trustee and the Security Trustee (as applicable) that the Ratings Agencies have been given at least 15 days' notice of such proposed Transaction Amendments and have not raised any objections thereto;

(b) a certificate in writing from the relevant Requesting Party (where the Requesting Party is the Fixed Rate Swap Provider, such certificate to be countersigned by the Cash Manager for so long as The Co-operative Bank is the sole Cash Manager) to the Note Trustee and the Security Trustee (as applicable) that none of the Priorities of Payments will be amended as a result of such Transaction Amendments; and

(c) the Note Trustee and the Security Trustee are satisfied that the proposed Transaction Amendments would not, in their opinion, have the effect of (i) increasing the obligations, liabilities or duties, or decreasing the protections, rights, powers, authorisations or indemnification of the Note Trustee or the Security Trustee or (ii) exposing the Note Trustee or the Security Trustee to any liability which it has not been indemnified and/or secured and/or prefunded to the Note Trustee's or Security Trustee's satisfaction.

For the avoidance of doubt and notwithstanding anything to the contrary in the other Transaction Documents, neither the Note Trustee nor the Security Trustee shall consider the interests of any other person in entering into (or, where the Note Trustee or, as the case may be, the Security Trustee is not a party to the relevant Transaction Document, providing their consent in respect of) such Transaction Amendments. Each of them shall rely absolutely and without liability and without further investigation on any certificate provided to it in connection with the Transaction Amendments and shall not monitor or investigate whether the Issuer or the Cash Manager (in its capacity as the Requesting Party, where applicable) or

the Fixed Rate Swap Provider (as the case may be) is acting in a commercially reasonable manner, nor shall either of them be responsible for any liability that may be occasioned to any person by acting in accordance with these provisions based on any written notification or certificate it receives from the Issuer or the Cash Manager (in its capacity as the Requesting Party, where applicable) or the Fixed Rate Swap Provider (as the case may be).

Reference in this Condition 12.15 to a confirmation in writing of a Requesting Party shall be to a written confirmation signed by, in the case of the Issuer, two directors thereof and, in all other cases, two authorised signatories of such Requesting Party.

12.16 **Additional Right of Modification**

Notwithstanding any of the provisions of Condition 12 (*Meetings of Noteholders, Modification, Waiver and Substitution*), the Note Trustee shall be obliged, without any consent or sanction of the Noteholders, or, subject to proviso (iii) below, any of the other Secured Creditors, to concur with the Issuer, and/or direct the Security Trustee to concur with the Issuer, in entering into any new agreements or making any modification (other than in respect of a Basic Terms Modification) to these Conditions or any other Transaction Document to which either the Note Trustee or the Security Trustee is a party or in relation to which the Security Trustee holds Security that the Issuer considers necessary in accordance with this Condition 12.16:

(a) for the purpose of complying with, or implementing or reflecting, any change in the criteria of one or more of the Rating Agencies which may be applicable from time to time, provided that the Issuer (or the Cash Manager (or so long as The Co-operative Bank is the sole Cash Manager) on its behalf) provides a Modification Certificate to the Note Trustee certifying that such modification is necessary to comply with such criteria or, as the case may be, is solely to implement and reflect such criteria;

(b) for the purpose of complying with any changes in the requirements of (i) Article 6 of the Securitisation Regulation, or Section 15G of the Securities Exchange Act of 1934, as added by section 941 of the Dodd-Frank Wall Street Reform and Consumer Protection Act, after the Closing Date, including as a result of the adoption of Regulatory Technical Standards in relation to the Securitisation Regulation, (ii) the CRR Amendment Regulation or (iii) any other risk retention legislation or regulations or official guidance in relation thereto, provided that the Issuer (or the Cash Manager (or so long as The Co-operative Bank is the sole Cash Manager) on its behalf) provides a Modification Certificate to the Note Trustee and the Security Trustee (as applicable) certifying that such modification is required solely for such purpose and has been drafted solely to such effect;

(c) for the purpose of enabling the Notes to comply with the requirements of the Securitisation Regulation, including relating to the treatment of the Notes as a simple, transparent and standardised securitisation, and any related regulatory technical standards authorised under the Securitisation Regulation, provided that the Issuer (or the Cash Manager (or so long as The Co-operative Bank is the sole Cash Manager) on its behalf) provides a Modification Certificate to the Note Trustee and the Security Trustee (as applicable) certifying that such modification is required solely for such purpose and has been drafted solely to such effect;

(d) in order to enable the Issuer and/or the Fixed Rate Swap Provider to comply with any requirements which apply to them in relation to any Swap Agreement (including any further hedging under any Swap Agreement) under 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) ("**EMIR**"), provided that the Issuer (or the Cash Manager (or so long as The Co-operative Bank is the sole Cash Manager) on its behalf) provides a Modification Certificate to the Note Trustee and the Security Trustee (as applicable) certifying that such modification is required solely for such purpose and has been drafted solely to such effect;

(e) for the purpose of enabling the Class A Notes to be (or to remain) listed on Euronext Dublin, provided that the Issuer (or the Cash Manager (or so long as The Co-operative Bank is the sole Cash Manager) on its behalf) provides a Modification Certificate to the Note Trustee and the Security Trustee (as applicable) certifying that such modification is required solely for such purpose and has been drafted solely to such effect;

(f) for the purposes of enabling the Issuer or any other person that is party to a Transaction Document (a "**Transaction Party**") to comply with Sections 1471 to 1474 of the U.S. Internal Revenue Code of 1986 (the "**Code**"), any current or future regulations or official interpretations thereof, any agreement entered into pursuant to Section 1471(b) of the Code, or any fiscal or regulatory legislation, rules or practices adopted pursuant to any intergovernmental agreement entered into in connection with the implementation of such Sections of the Code ("**FATCA**") (or any voluntary agreement entered into with a taxing authority in relation thereto), provided that the Issuer (or the Servicer on its behalf) or the relevant Transaction Party, as applicable, provides a Modification Certificate to the Note Trustee and the Security Trustee (as applicable) certifying that such modification is required solely for such purpose and has been drafted solely to such effect;

(g) for the purpose of complying with any changes in the requirements of the CRA Regulation after the Closing Date, including as a result of the adoption of regulatory technical standards in relation to the CRA Regulation or regulations or official guidance in relation thereto, provided that the Issuer (or the Cash Manager on its behalf) provides a Modification Certificate to the Note Trustee and the Security Trustee (as applicable) certifying that such modification is required solely for such purpose and has been drafted solely to such effect, (the certificate to be provided by the Issuer (or the Cash Manager (or so long as The Co-operative Bank is the sole Cash Manager) on its behalf) or the relevant Transaction Party, as the case may be, pursuant to paragraphs (a) to (f) above, being a "**Modification Certificate**"), (upon which the Note Trustee and the Security Trustee (as applicable) may rely absolutely and without further enquiry or liability to any person for so doing), provided that:

(i) at least 30 calendar days' prior written notice of any such proposed modification has been given to the Note Trustee;

(ii) the Modification Certificate in relation to such modification shall be provided to the Note Trustee and the Security Trustee (as applicable) both at the time the Note Trustee and the Security Trustee (as applicable) is notified of the proposed modification and on the date that such modification takes effect;

(iii) the prior written consent of each Secured Creditor (other than any Noteholder) which is party to the Relevant Document has been obtained by the Issuer;

(iv) either:

(A) the Issuer (or the Cash Manager (or so long as The Co-operative Bank is the sole Cash Manager) on its behalf) obtains from each of the Rating Agencies written confirmation (or certifies in the Modification Certificate that it has been unable to obtain written confirmation, but has received oral confirmation from an appropriately authorised person at each of the Rating Agencies) that such modification would not result in (x) a downgrade, withdrawal or suspension of the then current ratings assigned to the Class A Notes by such Rating Agency or (y) such Rating Agency placing the Class A Notes on rating watch negative (or equivalent); or

(B) the Issuer (or the Cash Manager (or so long as The Co-operative Bank is the sole Cash Manager) on its behalf) certifies in the Modification Certificate that it has informed the Rating Agencies of the proposed modification and none of the Rating Agencies has indicated that such modification would result in (x) a downgrade, withdrawal or suspension of the then current ratings assigned to the Class A Notes by such Rating Agency or (y) such Rating Agency placing the Class A Notes on rating watch negative (or equivalent); and

(v) the Issuer has provided 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 Class A Notes;

(vi) Noteholders representing at least 10 per cent. of the aggregate Principal Amount Outstanding of the Class A Notes then outstanding (or if no Class A Notes are outstanding, the Class B VFN Holder or, if neither Class A Notes nor the Class B VFN is outstanding, the Class Z VFN Holder) have not contacted the Principal Paying Agent or the Issuer in writing (or, in respect of the Class A Notes, otherwise in accordance with the then current practice of any applicable clearing system through which such Class A Notes may be held) within such notification period notifying the Principal Paying Agent or the Issuer that such Noteholders object to the modification; and

the Note Trustee has confirmed with the Principal Paying Agent and the Issuer in writing that the Principal Paying Agent has not received objections from Noteholders representing at least 10 per cent. of the aggregate Principal Amount Outstanding of the relevant Class of Notes pursuant to Condition 12.16(g)(iv) ; or

(h) for the purpose of changing the reference rate or the base rate that then applies in respect of the Notes to an alternative base rate (including an Alternative Base Rate where such base rate may remain linked to SONIA but may be calculated in a different manner) and making such other amendments as are necessary or advisable in the commercially reasonable judgment of the Issuer (or the Servicer on its behalf) to facilitate a Base Rate Modification, **provided that** the Issuer (or the Servicer on its behalf) certifies to the Note Trustee and the Security Trustee in writing under a Base Rate Modification Certificate that:

(i) such Base Rate Modification is being undertaken due to:

(A) an alternative manner of calculating a SONIA-based rate being introduced and becoming a standard means of calculating interest for similar transactions;

(B) a material disruption to SONIA, an adverse change in the methodology of calculating SONIA or SONIA ceasing to exist or be published;

(C) the insolvency or cessation of business of the SONIA administrator (in circumstances where no successor SONIA administrator has been appointed);

(D) a public statement by the SONIA administrator that it will cease publishing SONIA permanently or indefinitely (in circumstances where no successor SONIA administrator has been appointed that will continue publication of SONIA);

(E) a public statement by the supervisor of the SONIA administrator that SONIA has been or will be permanently or indefinitely discontinued or will be changed in an adverse manner;

(F) a public statement by the supervisor of the SONIA administrator that means SONIA may no longer be used or that its use is subject to restrictions or adverse consequences; or

(G) the reasonable expectation of the Issuer (or the Servicer on its behalf) that any of the events specified in paragraphs (A) to (F) above will occur or exist within six months of the proposed effective date of such Base Rate Modification; and

(ii) such Alternative Base Rate is:

(A) a base rate published, endorsed, approved or recognised by the Federal Reserve or the Bank of England, any regulator in the United States, the United Kingdom or the European Union or any stock exchange on which the Notes are listed (or any relevant committee or other body established, sponsored or approved by any of the foregoing);

(B) a base rate utilised in a material number of publicly listed new issues of Sterling-denominated asset-backed floating rate notes prior to the effective date of such Base Rate Modification;

(C) 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 CML or an affiliate thereof; or

(D) such other base rate as the Servicer (on behalf of the Issuer) reasonably determines,

and, in each case, the change to the Alternative Base Rate will not, in its opinion, be materially prejudicial to the interest of the Noteholders.

For the avoidance of doubt, the Issuer (or the Servicer on its behalf) may propose an Alternative Base Rate on more than one occasion, provided that the conditions set out in this Condition 12.16(h) are satisfied.

If Noteholders representing at least 10 per cent. of the aggregate Principal Amount Outstanding of the Class A Notes then outstanding (or if no Class A Notes are outstanding, the Class B VFN Holder or, if neither Class A Notes nor the Class B VFN is outstanding, the Class Z VFN Holder) have notified the Principal Paying Agent or the Issuer in writing (or, in respect of the Class A Notes, otherwise in accordance with the then current practice of any applicable clearing system through which such Class A Notes may be held) within the notification period referred to above that they object to the modification, then such modification will not be made unless an Extraordinary Resolution of the Class A Noteholders then outstanding is passed in favour of such modification or (if there are no Class A Notes outstanding) it shall have been directed in writing by the Class B VFN Holder, or (if there are no Class A Notes or Class B VFN outstanding) it shall have been directed in writing by the Class Z VFN Holder.

Objections made in writing other than through the applicable clearing system must be accompanied by evidence to the Note Trustee's satisfaction (having regard to prevailing market practices) of the relevant Noteholder's holding of the Notes.

Where such Noteholders have not so notified the Principal Paying Agent or Issuer of such objection, or an Extraordinary Resolution of the Class A Noteholders then outstanding is passed in favour of such modification in accordance with this Condition 12 (*Meetings of Noteholders, Modification, Waiver and Substitution*) or (if there are no Class A Notes outstanding) it shall have been directed in writing by the Class B VFN Holder, or (if there are no Class A Notes or Class B VFN outstanding) it shall have been directed in writing by the Class Z VFN Holder, then the Note Trustee shall be obliged to agree to the modification and such modification will be made, provided that:

(a) when implementing any modification pursuant to this Condition 12.16 (*Additional Right of Modification*) (save to the extent the Note Trustee considers that the proposed modification would constitute a Basic Terms Modification), the Note Trustee or the Security Trustee shall not consider the interests of the Noteholders, any other Secured Creditor or any other person and shall act and rely solely and absolutely and without further investigation or liability on any certificate or evidence provided to it by the Issuer or the relevant Transaction Party, as the case may be, pursuant to this Condition 12.16 (*Additional Right of Modification*) and shall not be liable to the Noteholders, any other Secured Creditor or any other person for so acting or relying, irrespective of whether any such modification is or may be materially prejudicial to the interests of any such person; and

(b) the Note Trustee (or as the case may be, the Security Trustee) shall not be obliged to agree to any modification which, in the sole opinion of the Note Trustee (or as the case may be, the Security Trustee) would have the effect of (i) exposing the Note Trustee (or as the case may be, the Security Trustee) to any liability against which it has not been indemnified and/or secured and/or pre-funded to its satisfaction or (ii) increasing the obligations, liabilities or duties, or decreasing the protections, rights, powers, authorisations or indemnification of the Note Trustee (or as the case may be, the Security Trustee) in the Relevant Documents and/or these Conditions.

Any such modification shall be binding on all Noteholders and shall be notified by the Issuer as soon as reasonably practicable to:

(i) so long as any of the Notes rated by the Rating Agencies remains outstanding, each Rating Agency;

(ii) the Secured Creditors; and

(iii) the Noteholders in accordance with Condition 15 (*Notice to Noteholders*).

12.17 **Non-responsive rating agency**

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 shall be entitled but not obliged to take into account (and may rely without further enquiry and without liability on) any written confirmation or affirmation (in any form acceptable to the Note 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**").

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:

(a) (i) one Rating Agency (such Rating Agency, a "**Non-Responsive Rating Agency**") indicates that it does not consider such Ratings Confirmation necessary in the circumstances or that it does not, as a matter of practice or policy, provide such Ratings Confirmation; or

(ii) within 30 days of delivery of such request, no Ratings Confirmation 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 from each Rating Agency shall be modified so that there shall be no requirement for the Ratings Confirmation from the Non-Responsive Rating Agency if the Issuer (or the Administrator on its behalf) provides to the Note Trustee a certificate (upon which the Note Trustee can rely) certifying and confirming that the events in one of paragraph (a)(i) or (ii) and the event in paragraph (b) above have occurred, the Issuer having sent a written request to each Rating Agency.

12.18 The Note Trustee shall not, and shall not be bound to, act at the direction of:

(a) the Class B VFN Holder or the Class Z VFN Holder as aforesaid so long as any Class A Notes are outstanding; or

(b) the Class Z VFN Holder as aforesaid so long as any Class A Notes or Class B VFN are outstanding.

13. INDEMNIFICATION AND EXONERATION OF THE NOTE TRUSTEE AND THE SECURITY TRUSTEE

The Trust Deed and the Deed of Charge contain provisions governing the responsibility (and relief from responsibility) of the Note Trustee and the Security Trustee respectively and providing for their indemnification in certain circumstances, including provisions relieving them from taking action or, in the case of the Security Trustee, enforcing the Security, unless indemnified and/or prefunded and/or secured to their satisfaction.

The Trust Deed and the Deed of Charge also contain provisions pursuant to which the Note Trustee and the Security Trustee are entitled, *inter alia*, (a) to enter into business transactions with the Issuer and/or any other party to any of the Transaction Documents and to act as trustee for the holders of any other securities issued or guaranteed by, or relating to, the Issuer and/or any other party to any of the Transaction Documents, (b) to exercise and enforce its rights, comply with its obligations and perform its duties under or in relation to any such transactions or, as the case may be, any such trusteeship without regard to the interests of, or consequences for, individual 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 CLASS A NOTES

If any Class A Note is mutilated, defaced, lost, stolen or destroyed, it may be replaced at the specified office of the Registrar. 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 paragraph (c) below, any notice to Noteholders shall be validly given if published in the *Financial Times*, or, if such newspaper shall cease to be published or, if timely publication therein is not practicable, in such other English newspaper or newspapers as the Note Trustee shall approve in advance having a general circulation in the United Kingdom, **provided that** if, at any time, (i) the Issuer procures that the information concerned in such notice shall appear on a page of the Reuters screen, the Bloomberg screen or any other medium for electronic display of data as may be previously approved in writing by the Note Trustee and notified to Noteholders (in each case, a "**Relevant Screen**"), or (ii) paragraph (c) below applies and the Issuer has so elected, publication in the newspaper set out above or such other newspaper or newspapers shall not be required with respect to such information. Any such notice shall be deemed to have been given on the date of such publication or, if published more than once or on different dates, on the first date on which publication shall have been made in the newspaper or newspapers in which (or on the Relevant Screen) publication is required.

(b) In respect of Class A Notes in definitive form, notices to Class A Noteholders will be sent to them by first class post (or its equivalent) or (if posted to an address outside the United Kingdom) by airmail at the respective addresses on the Register. Any such notice will be deemed to have been given on the 4th day after the date of posting.

(c) Whilst the Class A Notes are represented by Global Note, notices to Noteholders (other than the Class B VFN Holder and the Class Z VFN Holder) will be valid if published as described above, or, at the option of the Issuer, if submitted to Euroclear and/or Clearstream, Luxembourg for communication by them to Noteholders (other than the Class B VFN Holder and the Class Z VFN Holder). Any notice delivered to Euroclear and/or Clearstream, Luxembourg as aforesaid shall be deemed to have been given on the day of such delivery.

(d) In respect of the VFN, notices to VFN Holders will be sent to them by the fax number or email address notified to the Issuer in writing from time to time.

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 Class A 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. REPLACEMENT NOTES

16.1 If the Issuer Substitution Condition (the terms and conditions to the substitution of the Issuer as principal debtor as set out in the Trust Deed) is satisfied, the Issuer may, without the consent of the Noteholders, issue one or more Classes of replacement notes ("**Replacement Notes**") to replace one or more Classes of the Notes, each Class of which shall have terms and conditions which may differ from the terms and conditions of the Class of Notes which it replaces and which may on issue be in an aggregate principal amount which is different from the aggregate Principal Amount Outstanding of the class of Notes which it replaces, **provided that** the class or classes of Notes to be replaced are redeemed in full in accordance with Condition 7.3 (*Optional Redemption of the Class A Notes in Full*).

16.2 If the Issuer Substitution Condition (the terms and conditions to the substitution of the Issuer as principal debtor as set out in the Trust Deed) is not satisfied, the Issuer may, without the consent of the Noteholders, issue one or more Classes of Replacement Notes to replace one or more Classes of the Notes, each class of which shall have the same terms and conditions in all respects as the Class of Notes which is replaced (except for the rate of interest applicable to such Replacement Notes which, if not the same, must be lower than the rate of interest applicable to the Class of Notes being replaced and except that such Replacement Notes may have the benefit of a financial guarantee or similar arrangement (a "**Financial Guarantee**")) and which may on issue be in an aggregate principal amount which is different from the aggregate Principal Amount Outstanding of the Class of Notes which it replaces, **provided that** the Class or Classes of Notes to be replaced are redeemed in full in accordance with Condition 7.3 (*Optional Redemption of the Class A Notes in Full*), in respect of such issue of Replacement Notes and **provided further that**, for the purposes of this Condition 16.2, where interest in respect of the Replacement Notes or the Class of Notes being replaced is payable on a floating rate basis, the rate of interest applicable to the Replacement Notes or, as the case may be, the Class of Notes being replaced shall be deemed to be the fixed rate payable by the Issuer under the interest rate exchange agreement entered into by the Issuer in relation to the Replacement Notes or, as the case may be, the Class of Notes being replaced.

17. SUBORDINATION BY DEFERRAL

17.1 Interest

If, on any Interest Payment Date, the Issuer has insufficient funds to make payment in full of all amounts of interest (which shall, for the purposes of this Condition 17, include any interest previously deferred under this Condition 17.1 and accrued interest thereon) payable in respect of the Class B VFN and/or 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 (such interest, the "**Deferred Interest**") in respect of the Class B VFN (unless there are no Class A Notes then outstanding), and/or the Class Z VFN (unless there are no Class A Notes and Class B VFN 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 B VFN and/or the Class Z VFN, as appropriate).

17.2 General

Any amounts of Deferred Interest in respect of the Class B VFN and/or 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 17.1 (*Interest*) applies) or on such earlier date as the Class B VFN and/or the Class Z VFN become due and repayable in full in accordance with these Conditions.

17.3 Notification

As soon as practicable after becoming aware that any part of a payment of interest on the Class B VFN and/or the Class Z VFN will be deferred or that a payment previously deferred will be made in accordance with this Condition 17, the Issuer will give notice thereof to the Class B VFN Holder and/or the Class Z VFN Holder in accordance with Condition 15 (*Notice to Noteholders*). Any deferral of interest in accordance with this Condition 17 will not constitute an Event of Default. The provisions of this Condition 17 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 Additional Interest thereon shall become due and payable.

18. INCREASING THE PRINCIPAL AMOUNT OUTSTANDING OF EACH VFN AND ADJUSTING THE MAXIMUM B VFN AMOUNT AND/OR MAXIMUM Z VFN AMOUNT

18.1 Class B VFN

(a) If the Issuer (or the Cash Manager on behalf of the Issuer) receives a notice from the Seller prior to the VFN Commitment Termination Date notifying the Issuer that a Further Advance has been made, and there are insufficient funds standing to the credit of the Principal Receipts Ledger to fund Further Advance Purchase Prices, the Issuer (or the Cash Manager on its behalf) shall notify (by serving a Notice of Increase) the holder of the Class B VFN (the Class B VFN Holder) requesting that such Class B VFN Holder further funds the Class B 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:

(i) the Further Advance Purchase Price less the amounts standing to the credit of the Principal Receipts Ledger available to pay such Further Advance Purchase Price; or

(ii) the Maximum B VFN Amount less the current Principal Amount Outstanding of the Class B VFN (taking into account any likely reductions to the Principal Amount Outstanding of the Class B VFN on the following Interest Payment Date).

(b) The Class B VFN Holder, upon receipt of such a notice from the Issuer or the Cash Manager (on behalf of the Issuer) prior to the VFN Commitment Termination Date requesting that the relevant Class B VFN Holder further funds the Class B VFN, shall notify the Issuer that the relevant Class B VFN Holder is prepared to make such further funding (the "**Further B VFN Funding**"), provided that the relevant Class B 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 18.1(d) below.

(c) The proceeds of the Further B VFN Funding shall be applied by the Issuer to the Class B VFN Drawdown Ledger to be used towards the Further Advance Purchase Price on the relevant Monthly Pool Date.

(d) The Class B VFN Holder shall advance the amount of such Further B 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 B VFN Funding (or such lesser time as may be agreed by the Class B VFN Holder), the relevant Class B VFN Holder has received from the Issuer a completed and irrevocable Notice of Increase (or other written direction to advance such funds) therefor, receipt of which shall oblige the relevant Class B VFN Holder to accept the amount of the Further B 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 B VFN Funding, the aggregate amount of drawings made under the Class B VFN plus all Further B VFN Funding made in respect of the relevant Class B VFN (provided that no reference shall be made in respect of any principal amount due on the relevant Class B VFN which has already been repaid) would not exceed the Maximum B 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 B VFN Funding; or

(B) the relevant Class B VFN Holder agrees in writing (notwithstanding any matter mentioned at paragraph (i) above) to make such Further B VFN Funding available; and

(iv) the proposed date of such Further B VFN Funding falls on a Business Day prior to the VFN Commitment Termination Date.

18.2 **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 VFN Commitment Termination Date notifying the Issuer that;

(i) amounts standing to the credit of the General Reserve Fund are less than the General Reserve Required Amount;

(ii) the Issuer Fee Amount is required to be paid under the Fixed Rate Swap Agreement;

(iii) the Co-op Collateral Amount has increased;

(iv) any premiums are required to be paid under the Fixed Rate Swap Agreement; and

(v) there is a shortfall in respect of the Issuer Profit 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 funds 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:

(i) (A) in respect of (i) above, the General Reserve Required Amount less all amounts standing to the credit of the General Reserve Fund;

(B) in respect of (ii) above, the Issuer Fee Amount;

(C) in respect of (iii) above, the amount of increase in the Co-op Collateral Amount;

(D) in respect of (iv) above, the amount of any premium payable under any Fixed Rate Swap Agreement; or

(E) in respect of (v) above, the amount of any shortfall in respect of the Issuer Profit Amount; and

(ii) the Maximum Z VFN Amount less the current Principal Amount Outstanding of the Class Z VFN (taking into account any likely 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 VFN Commitment Termination Date requesting that the relevant Class Z VFN Holder further funds the Class Z VFN, shall notify the Issuer that the Class Z VFN Holder is prepared to make such further funding (the "**Further Z VFN Funding**")), provided the 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 18.2(d) below.

(c) The proceeds of the Further Z VFN Funding shall be applied by the Issuer towards (i) funding the General Reserve Fund up to and including an amount equal to the General Reserve Required Amount, (ii) funding the Issuer Fee Amount, (iii) funding

the increase in the Co-op Collateral Amount, (iv) funding any premiums payable under the Fixed Rate Swap Agreement and (v) funding any shortfall in respect of the amount to be retained by the Issuer in respect of the Issuer Profit Amount.

(d) The Class Z VFN Holder shall advance the amount of such Further 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 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 (or other written direction to advance such funds) therefor, receipt of which shall oblige the relevant Class Z VFN Holder to accept the amount of the Further 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 Z VFN Funding, the aggregate amount of drawings made under the Class Z VFN plus all Further 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 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 Z VFN Funding; or

(B) the relevant Class Z VFN Holder agrees in writing (notwithstanding any matter mentioned at Condition 18.2(iii)(A) above) to make such Further Z VFN Funding available; and

(iv) the proposed date of such Further Z VFN Funding falls on a Business Day prior to the VFN Commitment Termination Date.

In this Condition 18, the expression:

"**Maximum B VFN Amount**" for the Class B VFN shall be £150,000,000 or such other amount as may be agreed from time to time by the Issuer and the Class B VFN Holder, and notified such amount to the Note Trustee.

"**Maximum Z VFN Amount**" for the Class Z VFN shall be £50,000,000 or such other amount as may be agreed from time to time by the Issuer and the Class Z VFN Holder, and notified such amount to the Note Trustee.

"**Notice of Increase**" means a notice, substantially in the form set out in the Trust Deed.

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.

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 TO CONDITIONS

The following Class A Target Amortisation Amount assumes a Class A Initial Principal Amount Outstanding of £500,000,000 as of the Closing Date.

Interest Payment Date falling in	Class A Target Amortisation Amount (£)
Closing	500,000,000
Dec-19	479,232,563
Mar-20	469,128,033
Jun-20	459,205,172
Sep-20	449,460,716
Dec-20	439,891,456
Mar-21	430,494,243
Jun-21	421,265,983
Sep-21	412,203,638
Dec-21	403,304,226
Mar-22	394,564,818
Jun-22	385,982,536
Sep-22	377,554,556
Dec-22	369,278,103
Mar-23	361,150,453
Jun-23	353,168,931
Sep-23	345,330,909
Dec-23	337,633,808
Mar-24	330,075,094
Jun-24	322,652,278

UNITED KINGDOM TAXATION

*The following is a summary of the Issuer's understanding of the United Kingdom withholding taxation treatment at the date hereof in relation to payments of principal and interest in respect of the Notes. It is based on current United Kingdom law and the practice of Her Majesty's Revenue and Customs ("**HMRC**"), which may be subject to change, sometimes with retrospective effect. The comments do not deal with other United Kingdom tax aspects of acquiring, holding or disposing of Notes. The comments relate only to the position of persons who are absolute beneficial owners of the Notes. The following is a general guide for information purposes and should be treated with appropriate caution. It is not intended as tax advice and it does not purport to describe all of the tax considerations that may be relevant to a prospective purchaser. Noteholders who are in any doubt as to their tax position should consult their professional advisers. Noteholders who may be liable to taxation in jurisdictions other than the United Kingdom in respect of their acquisition, holding or disposal of the Notes are particularly advised to consult their professional advisers as to whether they are so liable (and if so under the laws of which jurisdictions), since the following comments relate only to certain United Kingdom taxation aspects of payments in respect of the Notes. In particular, Noteholders should be aware that they may be liable to taxation under the laws of other jurisdictions in relation to payments in respect of the Notes even if such payments may be made without withholding or deduction for or on account of taxation under the laws of the United Kingdom.*

In this summary references to "Notes" and "Noteholder" exclude the Class B VFN and the Class Z VFN, and the Class B VFN Holder and the Class Z VFN Holder. The Class B VFN Holder and the Class Z VFN Holder are urged to consult their own tax advisers about the tax consequences under their circumstances of purchasing, holding and selling the Class B VFN and the Class Z VFN under the laws of the United Kingdom, its political subdivisions and any other jurisdiction in which the Class B VFN Holder or the Class Z VFN Holder (as the case may be) may be subject to tax.

UK Withholding Tax – Payments 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 the Notes are and continue to be listed on a "recognised stock exchange" within the meaning of section 1005 of the Income Tax Act 2007. Euronext Dublin is a recognised stock exchange. 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).

Other Rules Relating to United Kingdom Withholding Tax

1. Where interest has been paid under deduction of United Kingdom income tax, Noteholders who are not resident in the United Kingdom may be able to recover all or part of the tax deducted if there is an appropriate provision in any applicable double taxation treaty.

2. The references to "interest" above mean "interest" as understood in United Kingdom tax law. The statements above do not take any account of any different definitions of "interest" or "principal" which may prevail under any other law or which may be created by the terms and conditions of the Notes or any related documentation.

3. The above description of the United Kingdom withholding tax position assumes that there will be no substitution of an Issuer pursuant to Conditions 7.4 (*Optional Redemption for Taxation or Other Reasons*) and 12.14 (*Issuer Substitution Condition*) of the Notes or otherwise and does not consider the tax consequences of any such substitution.

THE FOREIGN ACCOUNT TAX COMPLIANCE ACT

Pursuant to certain provisions of the U.S. Internal Revenue Code of 1986, commonly known as FATCA, a "foreign financial institution" may be required to withhold on certain payments it makes ("**foreign passthru payments**") to persons that fail to meet certain certification, reporting, or related requirements. The Issuer may be a foreign financial institution for these purposes. A number of jurisdictions (including the United Kingdom) have entered into, or have agreed in substance to, intergovernmental agreements with the United States to implement FATCA ("**IGAs**"), which modify the way in which FATCA applies in their jurisdictions. Under the provisions of IGAs as currently in effect, a foreign financial institution in an IGA jurisdiction would generally not be required to withhold under FATCA or an IGA from payments that it makes. Certain aspects of the application of the FATCA provisions and IGAs to instruments such as the Notes, including whether withholding would ever be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes, are uncertain and may be subject to change. Even if withholding would be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes, such withholding would not apply prior to the date that is two years after the date on which final regulations defining foreign passthru payments are published in the U.S. Federal Register and Notes characterised as debt (or which are not otherwise characterised as equity and have a fixed term) for U.S. federal tax purposes that are issued on or prior to the date that is six months after the date on which final regulations defining foreign passthru payments are filed with the U.S. Federal Register generally would be grandfathered for purposes of FATCA withholding unless materially modified after such date. Holders should consult their own tax advisers regarding how these rules may apply to their investment in the Notes. 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.

ERISA CONSIDERATIONS FOR INVESTORS

The Notes (and any interest therein) may not be acquired by a "Benefit Plan Investor" or a governmental, church or non-U.S. plan which is subject to any federal, state, local or non-U.S. laws or regulations which are substantially similar to the prohibited transaction provisions of Section 406 of the U.S. Employee Retirement Income Security Act of 1974, as amended ("**ERISA**") or Section 4975 of the U.S. Internal Revenue Code of 1986, as amended (the "**Code**"). A Benefit Plan Investor is defined as (i) an "employee benefit plan" as defined in Section 3(3) of ERISA, which is subject to Title I of ERISA, (ii) a "plan" as defined in and subject to Section 4975 of the Code, or (iii) an entity whose underlying assets include plan assets by reason of such an employee benefit plan's or plan's investment in the entity under U.S. Department of Labor Regulations § 2510.3-101 (29 C.F.R. § 2510.3-101) as modified Section 3(42) of by ERISA. Each investor, in purchasing and holding the Notes (or any interest therein), shall be deemed to represent , warrant and agree that it is not, and is not acting on behalf of, and for so long as it holds the Notes (or any interest therein) will not be, and will not be acting on behalf of, a Benefit Plan Investor or such a governmental, church or non-U.S. plan.

SUBSCRIPTION AND SALE

The Co-operative Bank p.l.c. pursuant to a note purchase agreement dated on or about 9 July 2019 between The Co-operative Bank p.l.c. (the "**Initial Note Purchaser**"), HSBC Bank plc (the "**Arranger**") and the Issuer (the "**Note Purchase Agreement**"), has agreed with the Issuer (subject to certain conditions) to subscribe and pay for (a) 100 per cent. of the Class A Notes at the issue price of 100.00 per cent. (b) 100 per cent. of the Class B VFN at the issue price of 100.00 per cent. and (c) 100 per cent. of the Class Z VFN at the issue price of 100.00 per cent.

The Issuer has agreed to indemnify The Co-operative Bank and the Arranger against certain liabilities and to pay certain costs and expenses in connection with the issue of the Notes.

Other than admission of the Class A Notes to the Official List and the admission to trading on the Regulated Market of Euronext Dublin, no action has been taken by the Issuer, The Co-operative Bank p.l.c. or the Arranger 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.

Pursuant to the Note Purchase Agreement, The Co-operative Bank will covenant that it will retain a material economic interest of at least 5 per cent. of the nominal value of the securitised exposure by holding an interest in the first loss tranche and other tranches having the same or a more severe risk profile than those transferred to investors, as required by Article 6 of the Securitisation Regulation. Such retention requirement will be satisfied by The Co-operative Bank holding the Class B VFN and the Class Z VFN. Any change to the manner in which such interest is held will be notified to the Noteholders.

Except with the prior written consent of The Co-operative Bank p.l.c. and where such sale falls within the exemption provided by Rule 20 of the U.S. Risk Retention Rules, the Notes offered and sold by the Issuer may not be purchased by, or for the account or benefit of, any "U.S. Person" as defined in the U.S. Risk Retention Rules.

This Prospectus does not constitute, and may not be used for the purpose of, an offer or a solicitation by anyone to subscribe for or purchase any of the Notes in or from any country or jurisdiction where such an offer or solicitation is not authorised or is unlawful.

United States

The Notes have not been and will not be registered under the Securities Act or any state securities laws and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S) except pursuant to an exemption from registration requirements. Accordingly, the Notes are being offered and sold in offshore transactions in reliance on Regulation S.

The Arranger and The Co-operative Bank have agreed that, except as permitted by the Note Purchase Agreement, it will not offer or sell the Notes as part of its distribution (if any) at any time or otherwise until 40 days after the later of the commencement of the offering and the Closing Date within the United States or to, or for the account or benefit of, U.S. persons, and it will have sent to each affiliate or other dealer (if any) to which it sells Notes during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons. See "*Transfer Restrictions and Investor Representations*".

United Kingdom

The Co-operative Bank have 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.

The Co-operative Bank have acknowledged that, save for having applied for the admission of the Class A Notes to the Official List of the Central Bank of Ireland and admission to trading on Euronext Dublin, no further action has been or will be taken in any jurisdiction by The Co-operative Bank that would, or is intended to, permit a public offering of the Class A Notes, or possession or distribution of the Prospectus or any other offering material in relation to the Class A Notes, in any country or jurisdiction where such further action for that purpose is required.

Prohibition of sale to EEA retail investors

The Co-operative Bank 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 (including the VFNs) to any retail investor in the European Economic Area. For the purposes of this provision:

(a) the expression "retail investor" means a person who is one (or more) of the following:

  (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "**MiFID II**"); or

  (ii) a customer within the meaning of Directive 2002/92/EC (as amended, the "**Insurance Mediation Directive**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or

  (iii) a person who is not a qualified investor as defined in the Prospectus Directive; and

(b) the expression "offer" includes the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes.

General

The Arranger and The Co-operative Bank have undertaken that it will not, directly or indirectly, offer or sell any Notes or have in its possession, distribute or publish any offering circular, prospectus, form of application, advertisement or other document or information in respect of the Notes in any country or jurisdiction except under circumstances that will, to the best of its knowledge and belief, result in compliance with any applicable laws and regulations and all offers and sales of Notes by it will be made on the same terms.

The Co-operative Bank have acknowledged that the Notes (and any interest therein) may not be purchased, or held by, any "employee benefit plan" as defined in Section 3(3) of ERISA, which is subject to Title I of ERISA, any "plan" as defined in Section 4975 of the Code to which Section 4975 of the Code applies, any person any of the assets of whom are, or are deemed for purposes of ERISA

or Section 4975 of the Code to be, assets of such an "employee benefit plan" or "plan", or by any governmental, church or non-U.S. plan which is subject to any federal, state, local or non-U.S. law or regulation that is substantially similar to the prohibited transaction provisions of Section 406 of ERISA or Section 4975 of the Code, and each purchaser of such Notes (or any interest therein) will be deemed to have represented, warranted and agreed that it is not, and is not acting on behalf of, and for so long as it holds such Notes (or any interest therein) will not be, and will not be acting on behalf of, such an "employee benefit plan", "plan" or person, or such governmental, church or non-U.S. plan.

TRANSFER RESTRICTIONS AND INVESTOR REPRESENTATIONS

Offers and Sales

The Notes (including the VFNs) (including interests therein represented by a Global Note, a Registered Definitive Note or a Book-Entry Interest) have not been and will not be registered under the Securities Act or any state securities laws, and may not be offered or sold in the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S) except pursuant to such registration requirements. Accordingly, the Notes are being offered and sold in offshore transactions pursuant to Regulation S.

Investor Representations and Restrictions on Resale

Each purchaser of the Notes (including the VFNs) (which term for the purposes of this section will be deemed to include any interests in the Notes, including Book-Entry Interests) will be deemed to have represented and agreed as follows:

(a) the Notes (including the VFNs) have not been and will not be registered under the Securities Act and such Notes are being offered only in a transaction that does not require registration under the Securities Act and, if such purchaser decides to resell or otherwise transfer such Notes, then it agrees that it will offer, resell, pledge or transfer such Notes only (i) to a purchaser who is not a U.S. person (as defined in Regulation S) or an affiliate of the Issuer or a person acting on behalf of such an affiliate, and who is not acquiring the Notes for the account or benefit of a U.S. person and who is acquiring the Notes in an offshore transaction pursuant to an exemption from registration in accordance with Rule 903 or Rule 904 of Regulation S or (ii) pursuant to another exemption from the registration requirements of the Securities Act, in each case, in accordance with any applicable securities laws of any state or other jurisdiction of the United States; **provided that** the agreement of such purchaser is subject to any requirement of law that the disposition of the purchaser's property shall at all times be and remain within its control;

(b) during the distribution compliance period, such purchaser shall notify each transferee of Notes (as applicable) from it that (i) such Notes have not been registered under the Securities Act, (ii) the holder of such Notes is subject to the restrictions on the resale or other transfer thereof described in paragraph (a) above, (iii) such transferee shall be deemed to have represented that such transferee is acquiring the Notes in an offshore transaction and that such transfer is made pursuant to an exemption from registration in accordance with Rule 903 or Rule 904 of Regulation S and (iv) such transferee shall be deemed to have agreed to notify its subsequent transferees as to the foregoing; and

(c) on each day from the date on which the purchaser or transferee acquires such Notes (or any interest therein) to and including the date on which the purchaser or transferee disposes of such Notes (or any interest therein), it is not , and is not acting on behalf of, and for so long as it holds such Notes (or any interest therein) will not be, and will not be acting on behalf of, a Benefit Plan Investor or a governmental, church or non-U.S. plan which is subject to any federal, state, local or non-U.S. law or regulation that is substantially similar to the prohibited transaction provisions of Section 406 of ERISA or Section 4975 of the Code.

The Issuer, the Registrar, the VFN Registrar, the Arranger and their affiliates and others will rely upon the truth and accuracy of the foregoing acknowledgments, representations and agreements.

The Notes shall bear a legend to the following effect:

"THIS NOTE HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "**SECURITIES ACT**"), OR ANY OTHER APPLICABLE U.S. STATE SECURITIES LAWS AND, ACCORDINGLY, MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS EXCEPT PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT OR PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT

THE FOREGOING PARAGRAPH SHALL CEASE TO APPLY UPON THE EXPIRY OF THE PERIOD OF 40 DAYS AFTER THE COMPLETION OF THE DISTRIBUTION OF ALL THE NOTES OF THE TRANCHE OF WHICH THIS NOTE FORMS PART.

EACH PURCHASER OR HOLDER OF THIS NOTE (OR ANY INTEREST HEREIN) SHALL BE DEEMED TO HAVE REPRESENTED BY SUCH PURCHASE AND/OR HOLDING THAT (I) IT IS NOT, AND IS NOT ACTING ON BEHALF OF, AND FOR SO LONG AS IT HOLDS THIS NOTE (OR ANY INTEREST HEREIN) WILL NOT BE, AND WILL NOT BE ACTING ON BEHALF OF, A BENEFIT PLAN INVESTOR OR A GOVERNMENTAL, CHURCH OR NON-U.S. PLAN WHICH IS SUBJECT TO FEDERAL, STATE, LOCAL OR NON-U.S. LAWS OR REGULATIONS WHICH ARE SUBSTANTIALLY SIMILAR TO THE PROHIBITED TRANSACTION PROVISIONS OF SECTION 406 OF THE U.S. EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED, ("**ERISA**") OR SECTION 4975 OF THE U.S. INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE "**CODE**"). THE TERM "BENEFIT PLAN INVESTOR" SHALL MEAN (I) AN EMPLOYEE BENEFIT PLAN (AS DEFINED IN SECTION 3(3) OF ERISA), WHICH IS SUBJECT TO TITLE I OF ERISA, (II) A "PLAN" AS DEFINED IN AND SUBJECT TO SECTION 4975 OF THE CODE, OR (III) AN ENTITY WHOSE UNDERLYING ASSETS INCLUDE PLAN ASSETS BY REASON OF SUCH AN EMPLOYEE BENEFIT PLAN'S OR PLAN'S INVESTMENT IN THE ENTITY UNDER U.S. DEPARTMENT OF LABOR REGULATIONS § 2510.3-101 (29 C.F.R. § 2510.3-101) AS MODIFIED BY SECTION 3(42) OF ERISA. "

Additional representations and restrictions applicable to a VFN

Any holder of a VFN may only make a transfer of the whole of its VFN or create or grant any Encumbrance in respect of such VFN if all of the following conditions are satisfied:

(a) the holder of such VFN making such transfer or subjecting the VFN to such Encumbrance shall be solely responsible for any costs, expenses or taxes which are incurred by the Issuer, the holder of such VFN or any other person in relation to such transfer or Encumbrance;

(b) the holder of such 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 only 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 to the Insolvency Act;

(d) the transferee of such 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.

"**Encumbrance**" has the same meaning as Security Interest.

"**Security Interest**" means any mortgage, sub-mortgage, charge, sub-charge, sub-security, pledge, lien (other than a lien arising in the ordinary course of business or by operation of law) or other encumbrance or security interest howsoever created or arising.

The VFN Registrar shall not pay any relevant Interest Amount to the holder of a 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 2 (Form of Tax Certificate) to 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 VFN Registrar that such Interest Amount in respect of the VFN can be paid free of any relevant withholding or deduction for or on account of United Kingdom income tax. The VFN Registrar shall upon receipt of such confirmation make a note of such confirmation in the VFN Register. These transfer provisions are subject to the covenant of The Co-operative Bank to maintain a material net economic interest of at least 5% of the nominal value of the securitised exposures as required under Article 6 of the Securitisation Regulation.

Because of the foregoing restrictions, purchasers of Notes are advised to consult legal counsel prior to making any offer, resale, pledge or transfer of such securities offered and sold.

GENERAL INFORMATION

1. It is expected that the admission of the Class A Notes to the Official List and the admission of the Class A Notes to trading on the Regulated Market of Euronext Dublin will be granted on or around 9 July 2019. Prior to listing, however, dealings will be permitted by Euronext Dublin in accordance with its rules. Transactions will normally be effected for settlement in Sterling and for delivery on the third working day after the date of the transaction. The entirety of each Class of Notes will be listed. The VFNs will not be listed

2. There are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware) since 23 May 2019 (being the date of incorporation of the Issuer) which may have, or have had in the recent past, significant effects upon the financial position or profitability of the Issuer (as the case may be).

3. No statutory or non-statutory accounts within the meaning of sections 434 and 435 of the Companies Act 2006 (as amended) in respect of any financial year of the Issuer have been prepared. So long as the 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.

4. For so long as the Class A Notes are admitted to the Official List and to trading on the Regulated Market of Euronext Dublin, the Issuer shall maintain a Paying Agent in the United Kingdom.

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 23 May 2019 (being the date of incorporation of the Issuer), there has been (a) no material adverse change in the financial position or prospects of the Issuer and (b) no significant change in the financial or trading position of the Issuer.

7. The issue of the Class A Notes and the VFNs was authorised pursuant to a resolution of the Board of Directors of the Issuer passed on 3 July 2019.

8. The Class A Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg under the following ISIN and Common Code:

Class of Notes	ISIN	Common Code
Class A Notes	XS2018727318	201872731

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, physical copies of the following documents may be inspected at the registered office of the Issuer (and, with the exception of paragraph (a) below, at the specified office of the Paying Agents) during usual business hours, on any weekday (public holidays excepted):

   (a) the Memorandum and Articles of Association of each of the Issuer and Holdings;

   (b) copies of the following documents:

      (i) the Agency Agreement;

(ii) the Deed of Charge;

(iii) the Cash Management Agreement;

(iv) the Back-Up Cash Management Agreement;

(v) the Replacement Cash Management Agreement;

(vi) the Master Definitions and Construction Schedule;

(vii) the Mortgage Sale Agreement;

(viii) the Corporate Services Agreement;

(ix) the Co-op Bank Account Agreement;

(x) the BNYM Bank Account Agreement;

(xi) the Fixed Rate Swap Agreement;

(xii) the declaration of trust dated on or about the Closing Date between, *inter alios*, the Issuer, the Seller and the Security Trustee (the "**Collection Account Declaration of Trust**");

(xiii) the Swap Collateral Bank Account Agreement (if any);

(xiv) the Servicing Agreement;

(xv) the Issuer ICSD Agreement; and

(xvi) the Trust Deed.

10. Co-op (as originator) 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 – Investor Reports and information*" are published when and in the manner set out in such section.

11. The Issuer confirms that the Loans backing the issue of the Class A Notes have characteristics that demonstrate capacity to produce funds to service any payments due and payable on the Class A Notes. Investors are advised that this confirmation is based on the information available to the Issuer at the date of this Prospectus and may be affected by the future performance of such assets backing the issue of the Class A Notes. Investors are advised to review carefully any disclosure in the Prospectus.

INDEX OF DEFINED TERMS

ISSUER
Silk Road Finance Number Five PLC
11th Floor
200 Aldersgate Street
London EC1A 4HD

SELLER, CO-OP ACCOUNT BANK, CASH MANAGER AND VFN REGISTRAR
The Co-operative Bank p.l.c.
1 Balloon Street
Manchester M60 4EP

SERVICER
Western Mortgage Services Limited
17 Rochester Row,
London SW1P 1QT

ARRANGER

HSBC Bank plc
8 Canada Square
London E15 5HQ

SHARE TRUSTEE, CORPORATE SERVICES PROVIDER AND BACK-UP SERVICES PROVIDER
Maples Fiduciary Services (UK) Limited
11th Floor, 200 Aldersgate Street
London EC1A 4HD

NOTE TRUSTEE AND SECURITY TRUSTEE
BNY Mellon Corporate Trustee Services Limited
One Canada Square
London E14 5AL

FIXED RATE SWAP PROVIDER, PRINCIPAL PAYING AGENT, AGENT BANK, REGISTRAR

HSBC Bank plc
8 Canada Square
London E14 5HQ

BACK-UP CASH MANAGER AND BNYM ACCOUNT BANK

The Bank of New York Mellon, London Branch
One Canada Square
London E14 5AL

LEGAL ADVISERS TO THE SELLER AND THE ISSUER
Allen & Overy LLP
One Bishops Square
London E1 6AD

LEGAL ADVISERS TO THE ARRANGER

Dentons UK and Middle East LLP
One Fleet Place
London EC4M 7WS

LEGAL ADVISERS TO THE NOTE TRUSTEE AND THE SECURITY TRUSTEE

Dentons UK and Middle East LLP
One Fleet Place
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