

HOLMES MASTER ISSUER PLC
(incorporated in England and Wales with limited liability, registered number 05953811)
the **Master Issuer**

Legal entity identifier (LEI): 5493007HX9EKP3XR9846

Residential Mortgage-Backed Note Issuance Programme
(ultimately backed by the mortgages trust)

Programme establishment	The Master Issuer established the residential mortgage-backed note issuance programme (the programme) on 28 November 2006 (the programme date).
Issuance in series	<p>Under the programme the Master Issuer may from time to time issue class A notes, class B notes, class M notes, class C notes and/or class Z notes in one or more series (together, the Master Issuer notes). Each series will consist of one or more classes (or sub-classes) of Master Issuer notes. One or more series or classes (or sub-classes) of Master Issuer notes may be issued at any one time.</p> <p>The class Z variable funding notes may be issued together with other classes of notes of a series, but will not be linked to that series.</p>
The Master Issuer notes	<p>The Master Issuer notes have not been and will not be registered under the United States Securities Act 1933, as amended (the Securities Act) or the securities laws of any state or other jurisdiction of the United States and the Master Issuer notes may not be offered or sold (i) in 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)) except to persons that are qualified institutional buyers within the meaning of Rule 144A (Rule 144A) under the Securities Act (QIBs), or (ii) in transactions that occur outside the United States to persons other than U.S. persons in accordance with Regulation S or (iii) in other transactions exempt from registration under the Securities Act and, in each case, in compliance with applicable securities laws. Prospective purchasers are hereby notified that sellers of the Master Issuer notes may be relying on the exemption from the provisions of section 5 of the Securities Act provided by Rule 144A.</p> <p>For a description of certain further restrictions on offers, sales and transfers of the Master Issuer notes in this base prospectus, see "Subscription, Sale, Transfer and Selling Restrictions".</p> <p>The Master Issuer notes may be issued on a continuing basis to one or more of the dealers as described under "Subscription, Sale, Transfer and Selling Restrictions" and any additional dealer appointed under the programme from time to time, which appointment may be for a specific issue or on an on-going basis. References in this base prospectus to the relevant dealer shall, in the case of the Master Issuer notes being (or intended to be) subscribed for by more than one dealer, be to all dealers agreeing to subscribe for such Master Issuer notes.</p> <p>The Master Issuer is not, and after giving effect to any offering and sale of Master Issuer notes and the application of the proceeds thereof will not be, a "covered fund" for purposes of regulations adopted under Section 13 of the Bank Holding Company Act of 1956, as amended (commonly known as the Volcker Rule). In reaching this conclusion, although other statutory or regulatory exemptions under the Investment Company Act of 1940, as amended (the Investment Company Act) and under the Volcker Rule and its related regulations may be available, the Master Issuer has relied on the determinations that (i) it may rely on the exemption from registration under the Investment Company Act provided by Rule 3a-7 thereunder, and (ii) it does not constitute a "covered fund" for the purposes of the Volcker Rule. Any prospective investor in Master Issuer notes issued by the Master Issuer, including a U.S. or foreign bank or a subsidiary or other affiliate thereof, should consult its own legal advisors regarding the Volcker Rule and its effects.</p>

Arranger for the programme

Santander Corporate & Investment Banking

Base prospectus dated 13 May 2024

Underlying assets	<p>The principal asset from which the Master Issuer will make payments on the Master Issuer notes is a master intercompany loan to an affiliated company called Holmes Funding Limited (Funding). The principal asset from which Funding will make payments on the master intercompany loan is its interest in a master trust over a pool of residential mortgage loans held by Holmes Trustees Limited (the mortgages trustee).</p> <p>The residential mortgage loans were originated by Santander UK plc (Santander UK or the seller) and are secured over properties located in England, Wales and Scotland.</p>
Credit enhancement	<p>Subject to the detailed description and limits set out in "Credit structure", the Master Issuer notes will have the benefit of the following credit enhancement or support: availability of excess portions of Funding's available revenue receipts and of Funding's available principal receipts; reserve funds that will be used in certain circumstances by Funding to meet any deficit in revenue or to repay amounts of principal (other than with respect to the class Z notes); and subordination of junior classes of Master Issuer notes. The Master Issuer notes will also have the benefit of certain derivatives instruments which may include currency and interest rate swaps, if specified in the relevant final terms (as defined below).</p>
Listing	<p>This document comprises a base prospectus for the purposes of Regulation (EU) 2017/1129 as it forms part of UK domestic law by virtue of the European Union (Withdrawal) Act 2018 as amended, varied, superseded or substituted from time to time (the EUWA) (the UK Prospectus Regulation). This base prospectus supersedes any previous prospectus describing the programme. Any Master Issuer notes issued under the programme on or after the date of this base prospectus are issued subject to the provisions described herein.</p> <p>This base prospectus has been approved as a base prospectus by the Financial Conduct Authority (the FCA), as the UK competent authority under the UK Prospectus Regulation. The FCA only approves this base prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the UK Prospectus Regulation. Approval by the FCA should not be considered as an endorsement of the Master Issuer or Funding or of the quality of the securities that are the subject of this base prospectus. Investors should make their own assessment of as to the suitability of investing in the securities.</p> <p>This base prospectus is not a prospectus for the purposes of Section 12(a)(2) or any other provision of or rule under the Securities Act.</p> <p>Application will be made to the FCA for Master Issuer notes (other than any Master Issuer notes which are to be unlisted or listed on any other exchange) issued during the period of 12 months from the date of this base prospectus to be admitted to the official list (the Official List) of the FCA and application will be made to the London Stock Exchange plc (the London Stock Exchange) for such Master Issuer notes to be admitted to trading on the main market of the London Stock Exchange (the main market of the London Stock Exchange).</p> <p>The main market of the London Stock Exchange is a regulated market in the UK for the purposes of Regulation (EU) No. 600/2014 on markets in financial instruments as it forms part of UK domestic law by virtue of the EUWA (UK MiFIR). The final terms or drawdown prospectus, if applicable, of an issuance of Master Issuer notes (including any series and classes or sub-classes of such Master Issuer notes, the aggregate nominal amounts of such Master Issuer notes, interest (if any) payable in respect of such Master Issuer notes and the issue price of such Master Issuer notes and certain financial and other information about the Master Issuer's assets) will be determined by the Master Issuer in accordance with the prevailing market conditions at the time of the issue of the relevant Master Issuer notes and will be set out in a separate document (the final terms or drawdown prospectus, as the case may be). The final terms and any drawdown prospectus for listed Master Issuer notes will be filed with the London Stock Exchange and made available to the public in accordance with English law pursuant to the UK Prospectus Regulation (the prospectus rules). This base prospectus may be used to offer and sell the Master Issuer notes only if accompanied by the relevant final terms or drawdown prospectus, if any.</p> <p>The Master Issuer may agree with any relevant dealer and/or manager and the note trustee that Master Issuer notes may be issued in a form not contemplated</p>

	<p>by the terms and conditions of the Master Issuer notes herein, in which event (in the case of Master Issuer notes admitted to the Official List of the FCA only) a drawdown prospectus will be made available which will describe the effect of the agreement reached in relation to such Master Issuer notes.</p> <p>The programme also provides that Master Issuer notes may be listed on such other or further stock exchange(s) as may be agreed between the Master Issuer, the note trustee and the relevant dealers. The Master Issuer may also issue unlisted notes for which no prospectus is required to be published under the UK Prospectus Regulation and which will not be issued pursuant to (and do not form part of) this base prospectus, and will not be issued pursuant to any final terms document under this base prospectus.</p> <p>References in this base prospectus to the listed notes do not include any Master Issuer notes listed and/or traded on any exchange other than the London Stock Exchange (non-LSE listed notes).</p> <p>Non-LSE listed notes may be governed by or construed in accordance with a law other than English law (foreign law notes) as may be specified in the applicable issue terms (issue terms). The issue terms and any drawdown prospectus, as applicable, for any non-LSE listed notes will specify whether such non-LSE listed notes are foreign law notes and whether the terms and conditions of such non-LSE listed notes differ from the terms and conditions of the Master Issuer notes described herein.</p> <p>Unlisted notes and non-LSE listed notes will not be issued pursuant to (and do not form part of) this base prospectus, and will not be issued pursuant to any final terms document under this base prospectus. The FCA has neither approved nor reviewed information contained in this base prospectus in connection with any unlisted notes or non-LSE listed notes.</p> <p>This base prospectus is valid for 12 months from its date in relation to Master Issuer notes which are to be admitted to trading on a regulated market in the United Kingdom (the UK) and/or offered to the public in the UK (provided that it is completed by any supplement required pursuant to Article 23 of the UK Prospectus Regulation) other than in circumstances where an exemption is available under Article 1(4) and/or 3(2) of the UK Prospectus Regulation or Section 86 of the FSMA. The obligation to supplement this base prospectus in the event of a significant new factor, material mistake or material inaccuracy does not apply when this base prospectus is no longer valid.</p>
<p>Credit ratings</p>	<p>The Master Issuer notes (other than any notes which are to be unrated) comprising each series will be assigned certain ratings upon issue by two or more of S&P Global Ratings Europe Limited (S&P), Moody's Investors Service Limited (Moody's) and Fitch Ratings Ltd. (Fitch) which are described in "Overview of the Master Issuer notes" below. The ratings assigned to the Master Issuer notes (other than any notes which are to be unrated) comprising each series will be specified in the accompanying final terms, the issue terms (if any) or in respect of listed notes, if applicable, a drawdown prospectus. A rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.</p> <p>In general, EEA-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 EEA and registered under Regulation (EC) No 1060/2009 (as amended) (the EU CRA Regulation) or issued by a credit rating agency established in a third country but whose credit ratings are endorsed by a credit rating agency established in the EEA and registered under the EU CRA Regulation or which is certified in accordance with the EU CRA Regulation (and such endorsement or certification, as the case may be, has not been withdrawn or suspended).</p> <p>Investors regulated in the UK are subject to similar restrictions under Regulation (EC) No 1060/2009 (as amended) as it forms part of UK domestic law by virtue of the EUWA (the UK CRA Regulation). As such, UK regulated investors are required to use for UK regulatory purposes ratings issued by a credit rating agency established in the UK and registered under the UK CRA Regulation. In the case of ratings issued by third country non-UK credit rating agencies, third country credit ratings can either be: (a) endorsed by a UK registered credit rating agency; or (b) issued by a third country credit rating agency that is certified in accordance with</p>

	<p>the UK CRA Regulation in each case, subject to the relevant UK registration, certification or endorsement, as the case may be, not having been withdrawn or suspended.</p> <p>Each of Moody's and Fitch is established in the UK and is registered under the UK CRA Regulation. As such both Moody's and Fitch are included in the list of credit rating agencies published by the FCA on its website, http://www.fca.org.uk, in accordance with the UK CRA Regulation.</p> <p>Neither Moody's or Fitch is established in the EEA and neither has applied for registration under the EU CRA Regulation. Moody's Deutschland GmbH currently endorses credit ratings issued by Moody's and Fitch Ratings Ireland Limited currently endorses credit ratings issued by Fitch for regulatory purposes in the EEA in accordance with the EU CRA Regulation. Moody's Deutschland GmbH is established in Germany and Fitch Ratings Ireland Limited is established in Ireland and each has been registered under the EU CRA Regulation and is included in the list of credit rating agencies published by ESMA on its website (https://www.esma.europa.eu/supervision/credit-rating-agencies/risk) in accordance with the EU CRA Regulation. There can be no assurance that Moody's Deutschland GmbH and Fitch Ratings Ireland Limited will continue to endorse credit ratings issued by Moody's and Fitch, respectively.</p> <p>S&P is established in Ireland, registered under the EU CRA Regulation and included in the list of credit rating agencies published by ESMA on its website in accordance with the EU CRA Regulation. S&P Global Ratings UK Limited currently endorses credit ratings issued by S&P for regulatory purposes in the UK in accordance with the UK CRA Regulation. S&P Global Ratings UK Limited is established in the UK, has been registered under the UK CRA Regulation and is included in the list of credit rating agencies published by the FCA on its website in accordance with the UK CRA Regulation. There can be no assurance that S&P Global Ratings UK Limited will continue to endorse credit ratings issued by S&P.</p> <p>Master Issuer notes issued prior to the date of this base prospectus were assigned ratings upon issue, and continue to be rated, by two or more of Fitch, Moody's and S&P.</p>
<p>Simple, Transparent and Standardised (STS) Securitisations</p>	<p>The seller, as originator, may procure a notification (a UK STS notification) to be submitted to the FCA, as the relevant competent authority in the UK in accordance with Article 27 of Regulation (EU) 2017/2402 of the European Parliament and of the Council of 12 December 2017 laying down a general framework for securitisation and creating a specific framework for simple, transparent and standardised securitisation as amended by The Securitisation (Amendment) (EU Exit) Regulation 2019 and as it forms part of UK domestic law by virtue of the EUWA (together with any implementing regulation, technical standards and official guidance related thereto, in each case as amended, varied or substituted from time to time) (the UK Securitisation Regulation) confirming that the requirements of Articles 18 to 22 of the UK Securitisation Regulation (the UK STS requirements) have been satisfied with respect to the issuance of a series of Master Issuer notes (a UK STS designation).</p> <p>The UK STS notification, once notified to the FCA, will be available for download on the FCA Register of Securitisation STS Notifications at https://data.fca.org.uk/#/sts/stssecuritisations (or its successor website) (the FCA STS Register website). For the avoidance of doubt, the FCA STS Register website and the contents thereof do not form part of this base prospectus. The UK STS status of the Master Issuer notes is not static and investors should verify the current status on the FCA STS Register website, which will be updated where a series of Master Issuer notes are no longer considered to meet UK STS requirements following a decision of the FCA, of another relevant UK regulator or a notification by the seller.</p> <p>In relation to such UK STS notification, the seller, as originator, has been designated as the first contact point for investors and the FCA.</p> <p>However, no assurance is given that the seller will seek a UK STS designation with respect to any series of Master Issuer notes issued under this base prospectus and the relevant final terms. The seller may decide at its discretion whether a UK STS notification will be submitted in respect of any series of Master Issuer notes at the time of such issuance. Accordingly,</p>

	<p>Master Issuer notes may, and are capable of, being issued under this base prospectus without them being compliant with the UK STS requirements or any UK STS notification being submitted to the FCA.</p> <p>As of the date of this base prospectus, the Master Issuer notes are not capable of qualifying as an STS securitisation within the meaning of the EU Securitisation Regulation (as defined below), primarily because they do not meet the jurisdictional requirements of Article 18 of the EU Securitisation Regulation and no notification (an EU STS notification) has been submitted to the European Securities and Markets Authority (ESMA) in accordance with Article 27 of the EU Securitisation Regulation (as defined below) confirming that the requirements of Articles 18 to 22 of the EU Securitisation Regulation (the EU STS requirements) have been satisfied with respect to the issuance of any series of Master Issuer notes (an EU STS designation).</p> <p>While an EU STS notification may be submitted at some point in respect of any Master Issuer notes, should the EU STS requirements be amended and any Master Issuer notes become capable of qualifying for an EU STS designation as a result, the seller does not offer any assurance that an EU STS notification will be given in relation to any Master Issuer notes in such circumstances.</p> <p>EU Securitisation Regulation means Regulation (EU) 2017/1402 (as amended by Regulation (EU) No. 2021/557) together with any EU Securitisation Rules, in each case, in respect of the EU risk retention requirements, as such regulation, standards, guidance, or statements are in effect as of the date of this base prospectus or, to the extent any amendments to such regulation, standards, guidance, or statements come into effect after the date of this base prospectus, as otherwise adopted by the seller in its sole discretion from time to time.</p> <p>For further information, please refer to the risk factor entitled "<i>Simple, Transparent and Standardised (STS) Securitisations</i>".</p>
<p>Benchmarks Regulation</p>	<p>Amounts payable on floating rate notes may be calculated by reference to one of the Sterling Overnight Index Average (SONIA), the Secured Overnight Funding Rate (SOFR), the Euro Short-Term Rate (€STR) or the Euro Interbank Offered Rate (EURIBOR), or any other benchmark, as specified in the relevant final terms.</p> <p>As at the date of this base prospectus, the administrators of SONIA (the Bank of England), SOFR (the Federal Reserve Bank of New York), €STR (the European Central Bank) are not currently required to obtain authorisation or registration under Article 36 of Regulation (EU) 2016/1011 (the EU Benchmarks Regulation) or Article 36 of Regulation (EU) 2016/0111 as it forms part of UK domestic law by virtue of the EUWA (the UK Benchmarks Regulation) and SONIA, SOFR and €STR do not fall within the scope of the EU Benchmarks Regulation or the UK Benchmarks Regulation by virtue of Article 2 of the EU Benchmarks Regulation, as applicable. As at the date of this base prospectus, the administrator of EURIBOR is included in the register of administrators established and maintained by the European Securities and Markets Authority (ESMA) under the EU Benchmarks Regulation but not the register of administrators established and maintained by the FCA under the UK Benchmarks Regulation.</p> <p>As far as the Master Issuer is aware, the transitional provisions in Article 51 of the UK Benchmarks Regulation apply such that the administrators of EURIBOR are not currently required to obtain authorisation and/or registration (or, if located outside the UK, recognition, endorsement or equivalence) under the UK Benchmarks Regulation.</p>

Notwithstanding any provision in this base prospectus to the contrary, each prospective investor (and each employee, representative or other agent of each such prospective investor) may disclose to any and all persons, without limitation of any kind, the U.S. federal income tax treatment and U.S. federal income tax structure of any transaction contemplated in this base prospectus and all materials of any kind (including opinions or other tax analyses) that are provided to it relating to such U.S. federal income tax treatment and U.S. federal income tax structure.

A note is not a deposit and neither the Master Issuer notes nor the underlying receivables are insured or guaranteed by any United Kingdom or United States governmental agency.

Neither the United States Securities and Exchange Commission nor any state securities commission in the United States or any other United States regulatory authority has approved or disapproved the Master Issuer notes or determined that this base prospectus is truthful or complete. Any representation to the contrary is a criminal offence in the United States.

Please consider carefully the risk factors beginning on page 14 of this base prospectus

THE MASTER ISSUER NOTES HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE SECURITIES ACT OR THE SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES AND UNLESS SO REGISTERED 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 REGULATIONS UNDER THE SECURITIES ACT) EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND APPLICABLE STATE OR LOCAL SECURITIES LAWS. ACCORDINGLY, (A) THE REG S NOTES ARE BEING OFFERED AND SOLD ONLY TO NON-U.S. PERSONS OUTSIDE THE UNITED STATES PURSUANT TO REGULATIONS UNDER THE SECURITIES ACT AND (B) THE RULE 144A NOTES ARE BEING OFFERED AND SOLD IN THE UNITED STATES ONLY TO QIBS PURSUANT TO RULE 144A. FOR A DESCRIPTION OF CERTAIN RESTRICTIONS ON REALES OR TRANSFERS, SEE "**SUBSCRIPTION, SALE, TRANSFER AND SELLING RESTRICTIONS**".

There is no undertaking to register the Master Issuer notes under U.S. state or federal securities laws. Until 40 days after the commencement of the offering, an offer or sale of the Master Issuer notes within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in compliance with Rule 144A or pursuant to another exemption from the registration requirements of the Securities Act.

UK MiFIR product governance / target market: The final terms in respect of any Master Issuer notes will include a legend entitled "UK MiFIR product governance / Professional investors and ECPs only target market" which will outline the target market assessment in respect of the Master Issuer notes and which channels for distribution of the Master Issuer notes are appropriate. Any person subsequently offering, selling or recommending the Master Issuer notes (a **UK distributor**) should take into consideration the target market assessment; however, a UK distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook (the **UK MiFIR Product Governance Rules**) is responsible for undertaking its own target market assessment in respect of the Master Issuer notes (by either adopting or refining the target market assessment) and determining appropriate distribution channels.

A determination will be made in relation to each issuance of Master Issuer notes under this base prospectus about whether, for the purpose of the UK MiFIR Product Governance Rules, any dealer subscribing for any Master Issuer notes is a manufacturer in respect of such Master Issuer notes, but otherwise neither the Arranger nor the dealers nor any of their respective affiliates will be a manufacturer for the purpose of the UK MiFIR Product Governance Rules.

MIFID II product governance / target market – The final terms in respect of any Master Issuer notes will include a legend entitled "MiFID II product governance / Professional investors and ECPs only target market " which will outline the target market assessment in respect of the Master Issuer notes and which channels for distribution of the Master Issuer notes are appropriate. Any person subsequently offering, selling or recommending the Master Issuer notes (a **distributor**) should take into consideration the target market assessment; however, a distributor subject to Directive 2014/65/EU (as amended, **MiFID II**) is responsible for undertaking its own target market assessment in respect of the Master Issuer notes (by either adopting or refining the target market assessment) and determining appropriate distribution channels.

A determination will be made in relation to each issue about whether, for the purpose of the Product Governance rules under EU Delegated Directive 2017/593 (the **MiFID Product Governance Rules**), any dealer subscribing for any Master Issuer notes is a manufacturer in respect of such Master Issuer notes, but otherwise neither the Arranger nor the dealers nor any of their respective affiliates will be a manufacturer for the purpose of the MIFID Product Governance Rules.

Prohibition of sales to United Kingdom retail investors – The final terms in respect of any Master Issuer notes will include a legend entitled "Prohibition of sales to UK retail investors". The Master Issuer notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the United Kingdom. For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of UK domestic law by virtue of the EUWA; or (ii) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of UK domestic law by virtue of the EUWA. Consequently, no key information document required by Regulation (EU) No 1286/2014 as it forms part of UK domestic law by

virtue of the EUWA (the **UK PRIIPs Regulation**) for offering or selling the Master Issuer notes or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Master Issuer notes or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

Prohibition of sales to EEA retail investors – The final terms in respect of any Master Issuer notes will include a legend entitled "Prohibition of sales to EEA retail investors". The Master Issuer 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 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 (EU) 2016/97 (the **Insurance Distribution Directive**), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II. Consequently no key information document required by Regulation (EU) No 1286/2014 (as amended, the **EU PRIIPs Regulation**) for offering or selling the Master Issuer notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Master Issuer notes or otherwise making them available to any retail investor in the EEA may be unlawful under the EU PRIIPs Regulation.

ENFORCEABILITY OF JUDGMENTS

The Master Issuer is a public limited company registered in England and Wales. All of the Master Issuer's assets are located outside the United States. None of the officers and directors of the Master Issuer are residents of the United States. As a result, it may not be possible for investors to effect service of process within the United States upon the Master Issuer or any such person not residing in the United States with respect to matters arising under the federal securities laws of the United States, or to enforce against them judgments of courts of the United States predicated upon the civil liability provisions of such securities laws. There is doubt as to the enforceability in England and Wales, in original actions or in actions for the enforcement of judgment of U.S. courts, of civil liabilities predicated solely upon the federal securities laws of the United States. In addition, the Master Issuer has agreed to submit to the non-exclusive jurisdiction of the courts of England and Wales, and it may be necessary for you to bring a suit in England and Wales to enforce your rights against the Master Issuer.

DESCRIPTION OF THE PRIME COLLATERALISED SECURITIES INITIATIVE

The Prime Collateralised Securities initiative (**PCS**) was launched on 14 November 2012 and is administered by Prime Collateralised Securities (PCS) UK Limited (**PCS Secretariat**). In summary, PCS is an industry-led non-profit initiative which seeks to define and promote certain best practice standards in the asset-backed securities market by identifying standards for certain types of securitisations of quality, transparency, simplicity and liquidity and by providing a process whereby a corresponding label (**PCS Label**) for compliant transactions (on an issuance, rather than programme, basis) may be sought.

The seller may apply to the PCS Secretariat for the PCS Label with respect to Master Issuer notes issued under the programme. As at the date of this base prospectus, several series of Master Issuer notes issued under the programme have been awarded the PCS Label and further information in relation to those awards is available on the PCS's website (<http://www.pcs.market.org>). Although the seller has applied for the PCS Label in relation to certain notes issued under the programme in the past, it is not yet known whether the seller will do so for Master Issuer notes issued under this base prospectus or whether the PCS Label will be provided, if sought. Following an award of the PCS Label, any amendment to (i) the transactions contemplated herein, (ii) this base prospectus or (iii) the application documentation submitted to the PCS Secretariat which affect the correctness or changes the details of the original application for the PCS Label shall be notified by the seller to the PCS Secretariat. Any failure to adhere to the applicable PCS eligibility criteria may result in a subsequent withdrawal of the PCS Label and a retraction of a confirmation letter. For PCS purposes, (a) the underlying assets under the programme are residential mortgage loans secured over properties located in England, Wales and Scotland and none of the underlying assets under the programme are tranching debt securities themselves and (b) the programme does not involve a securitisation of one or more underlying assets (i) where risk transfer is achieved through the use of credit derivatives or other similar financial instruments and (ii) where there is no sale or granting of a security interest in the underlying assets to the mortgages trustee or Funding, as applicable.

For any Master Issuer notes issued under this programme in respect of which a PCS Label is awarded: (A) the first investor report that follows the award of the PCS Label will disclose the amount of the Master Issuer notes (i) privately placed with investors which are not in the originator group; (ii) retained by a member of the originator group; and (iii) publicly placed with investors which are not in the originator group; and (B) in relation to any amount initially retained by a member of the originator group, but subsequently placed with investors which are not in the originator group, the next investor report will (to the extent permissible) disclose

such placement. For the purpose of this paragraph **originator group** means the originator and (i) its holding company; (ii) its subsidiaries; (iii) any other affiliated company as set out in the published accounts of any such company but excluding entities within the group that are in the business of investing in securities and whose investment decisions are taken independently of, and at arm's length from, the originator.

As a private sector initiative, neither the PCS Label nor the activity of it being provided is endorsed or regulated by any regulatory and/or supervisory authority, nor is the PCS Label linked to or indicative of the UK STS designation. The PCS Secretariat is not regulated by any regulator and/or supervisory authority.

In general, it should be noted that the PCS Label operates only as a confirmation that the relevant securities satisfy (at the time of award) certain specific standards referred to in the PCS standards and corresponding eligibility criteria. The PCS Label is not an opinion on the creditworthiness of the relevant securities or on the level of risk associated with an investment in the relevant securities. In addition, it is not an indication of the suitability of the relevant securities for any investor and/or a recommendation to buy, sell or hold securities. (see further "**Risk Factors—Regulatory initiatives may have an adverse impact on the regulatory treatment of the Master Issuer notes**"). Following the introduction of the EU Securitisation Regulation and the UK Securitisation Regulation, it is not clear what significance (if any) may be attributed to the PCS Label by prospective investors, particularly in the case of any series of Master Issuer notes for which a UK STS designation has been obtained, and, as such, it is not clear what impact the final determination (be it positive or negative) in respect of the seller's application (if an application is made in relation to Master Issuer notes issued under this base prospectus) for the PCS Label may have with respect to the market value and/or liquidity of the Master Issuer notes issued under the programme.

THE MASTER ISSUER NOTES WILL BE OBLIGATIONS OF THE MASTER ISSUER ONLY. THE MASTER ISSUER NOTES WILL NOT BE OBLIGATIONS OF, OR THE RESPONSIBILITY OF, OR GUARANTEED BY, ANY PERSON OTHER THAN THE MASTER ISSUER. IN PARTICULAR, THE MASTER ISSUER NOTES WILL NOT BE OBLIGATIONS OF, OR THE RESPONSIBILITY OF, OR GUARANTEED BY, ANY OF SANTANDER UK, THE ARRANGER, THE DEALERS, THE NOTE TRUSTEE, THE MASTER ISSUER SECURITY TRUSTEE, THE SECURITY TRUSTEE, THE MORTGAGES TRUSTEE, THE FUNDING SWAP PROVIDER, THE MASTER ISSUER SWAP PROVIDERS, THE PAYING AGENTS, THE REGISTRAR, THE TRANSFER AGENT, THE AGENT BANK, ANY COMPANY IN THE SAME GROUP OF COMPANIES AS SANTANDER UK OR ANY OTHER PARTY TO THE MASTER ISSUER TRANSACTION DOCUMENTS. NO LIABILITY WHATSOEVER IN RESPECT OF ANY FAILURE BY THE MASTER ISSUER TO PAY ANY AMOUNT DUE UNDER THE MASTER ISSUER NOTES SHALL BE ACCEPTED BY ANY OF SANTANDER UK, THE ARRANGER, THE DEALERS, THE NOTE TRUSTEE, THE SECURITY TRUSTEE, THE MASTER ISSUER SECURITY TRUSTEE, THE MORTGAGES TRUSTEE, THE FUNDING SWAP PROVIDER, THE MASTER ISSUER SWAP PROVIDERS, THE PAYING AGENTS, THE REGISTRAR, THE TRANSFER AGENT, THE AGENT BANK, ANY COMPANY IN THE SAME GROUP OF COMPANIES AS SANTANDER UK OR ANY OTHER PARTY TO THE MASTER ISSUER TRANSACTION DOCUMENTS (BUT WITHOUT PREJUDICE TO THE OBLIGATIONS OF FUNDING TO THE MASTER ISSUER UNDER THE MASTER INTERCOMPANY LOAN AGREEMENT).

The Master Issuer accepts responsibility for the information contained in this base prospectus and each final terms. To the best of the knowledge of the Master Issuer, the information contained in this base prospectus is in accordance with the facts and the base prospectus makes no omission likely to affect its import.

Other than in relation to the documents which are deemed to be incorporated by reference (see "**Incorporation of certain information by reference**" below), the information on the websites to which this base prospectus refers does not form part of this base prospectus and has not been scrutinised or approved by the FCA.

A copy of this base prospectus and each of the final terms relating to listed notes may be viewed online at <https://www.santander.co.uk/about-santander/investor-relations/holmes-master-trust> or may be provided by the principal paying agent by email following prior written request to the principal paying agent or will be made available to the public in accordance with the prospectus rules. A copy of final terms relating to unlisted Master Issuer notes will be made available at the specified office of each paying agent.

If at any time the Master Issuer shall be required to prepare a supplemental prospectus pursuant to the Prospectus Regulation, the Master Issuer will prepare and make available an appropriate amendment or supplement to this base prospectus which, in respect of any subsequent issue of notes to be admitted to listing on the Official List of the FCA and admitted to trading on the main market of the London Stock Exchange for

the purposes of the UK MiFIR, shall constitute a supplemental prospectus as required by the FCA under the prospectus rules.

Subject as provided in the applicable final terms, the only persons authorised to use this base prospectus in connection with an offer of Master Issuer notes are the persons named in the applicable final terms as the relevant dealer or the arranger, as the case may be.

No person is or has been authorised in connection with the issue and sale of the Master Issuer notes to give any information or to make any representation not contained in this base prospectus and, if given or made, such information or representation must not be relied upon as having been authorised by or on behalf of the Master Issuer, the directors of the Master Issuer, Funding, the mortgages trustee, Santander UK, the arranger, the dealers, the note trustee, the Master Issuer security trustee, the security trustee, the mortgages trustee, the Funding swap provider, the Master Issuer swap providers, the paying agents, the registrar, the transfer agent, the agent bank, any company in the same group of companies as Santander UK or any other party to the transaction documents. Any websites referred to herein do not form any part of the contents of this base prospectus.

Neither the delivery of this base prospectus nor any sale or allotment made in connection with the offering of any of the Master Issuer notes shall under any circumstances constitute a representation or create any implication that there has been no change in the affairs of the Master Issuer, Funding, the mortgages trustee, Santander UK, the arranger, the dealers, the note trustee, the Master Issuer security trustee, the security trustee, the mortgages trustee, the Funding swap provider, the Master Issuer swap providers, the paying agents, the registrar, the transfer agent, the agent bank, any company in the same group of companies as Santander UK or in the information contained herein since the date hereof or that the information contained herein is correct as at any time subsequent to the date hereof or that there has been no change in any other information supplied in connection with the programme as of any time subsequent to the date indicated in the document containing the same or that such information is correct at any time subsequent to the date thereof.

Other than the approval of this base prospectus by the FCA, the filing of this base prospectus with the FCA and making the base prospectus available to the public in accordance with the prospectus rules, no action has been or will be taken to permit a public offering of the Master Issuer notes or the distribution of this base prospectus in any jurisdiction where action for that purpose is required. The distribution of this base prospectus and the offering of the Master Issuer notes in certain jurisdictions may be restricted by law. Persons into whose possession this base prospectus (or any part hereof) comes are required by the Master Issuer, the arranger and the dealers to inform themselves about, and to observe, any such restrictions. For a further description of certain restrictions on offers and sales of the Master Issuer notes and distribution of this base prospectus, see "**Subscription, Sale, Transfer and Selling Restrictions**". Neither this base prospectus nor any part hereof constitutes an offer of, or an invitation by, or on behalf of, the Master Issuer, the arranger or the dealers to subscribe for or purchase any of the Master Issuer notes and neither this base prospectus, nor any part hereof, may be used for or in connection with an 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.

Accordingly, the Master Issuer notes may not be offered or sold, directly or indirectly, and neither this base prospectus nor any part hereof nor any other offering circular, prospectus, form of application, advertisement, other offering material or other information may be issued, distributed or published in any country or jurisdiction (including the UK), except in circumstances that will result in compliance with all applicable laws, orders, rules and regulations.

Any offer of Master Issuer notes in the UK will be made pursuant to an exemption under the UK Prospectus Regulation from the requirement to publish a prospectus for offers of notes. Accordingly any person making or intending to make an offer in the United Kingdom of notes which are the subject of an offering contemplated in this base prospectus as completed by final terms in relation to the offer of those notes may only do so in circumstances in which no obligation arises for the Master Issuer or any arranger or dealer to publish a prospectus pursuant to section 85 of the FSMA or supplement a prospectus pursuant to Article 23 of the UK Prospectus Regulation, in each case, in relation to such offer. Neither the Master Issuer nor the arranger or any dealer have authorised, nor do they authorise, the making of any offer of notes in circumstances in which an obligation arises for the Master Issuer or the arranger or any dealer to publish or supplement a prospectus for such offer.

None of the arranger, any dealer, the security trustee, the Master Issuer security trustee, the note trustee, the principal paying agent, the U.S. paying agent, the agent bank, the registrar, the transfer agent or any of their respective affiliates are responsible for any obligations of the seller or the Master Issuer for compliance with the requirements (including any existing or ongoing reporting requirements) of the UK

Securitisation Regulation or the EU Securitisation Regulation or any corresponding national measures which may be applicable.

NOTICE TO PROSPECTIVE INVESTORS IN THE UNITED STATES

The Master Issuer notes have not been approved or disapproved by the United States Securities and Exchange Commission or any other securities commission or other regulatory authority in the United States, nor have the foregoing authorities approved this base prospectus or confirmed the accuracy or determined the adequacy of the information contained in this base prospectus. Any representation to the contrary is a criminal offense.

This base prospectus may be distributed on a confidential basis in the United States to a limited number of QIBs for informational use solely in connection with the consideration of the purchase of the Master Issuer notes being offered hereby. Its use for any other purpose in the United States is not authorised. It may not be copied or reproduced in whole or in part nor may it be distributed or any of its contents disclosed to anyone other than the prospective investors to whom it is originally submitted.

The Master Issuer notes may be offered or sold within the United States only to QIBs in transactions exempt from the registration requirements under the Securities Act. Each U.S. purchaser of Master Issuer notes is hereby notified that the offer and sale of any Master Issuer notes to it may be made in reliance upon the exemption from the registration requirements of the Securities Act provided by Rule 144A.

Each purchaser or holder of notes (other than a dealer in connection with the initial issuance and sale of notes) will be deemed, by its acceptance or purchase of any such restricted notes, to have made certain representations and agreements intended to restrict the resale or other transfer of such notes as set out in "**Subscription, Sale, Transfer and Selling Restrictions**". Unless otherwise stated, terms used in this paragraph have the meanings given to them in "**Subscription, Sale, Transfer and Selling Restrictions**".

AVAILABLE INFORMATION

So long as any of the Master Issuer notes are "restricted securities" within the meaning of Rule 144(a)(3) under the Securities Act, if at any time the Master Issuer is not subject to and in compliance with the reporting requirements of Sections 13 or 15(d) of the Securities Exchange Act of 1934, as amended (the **Securities Exchange Act**), or the Master Issuer is not exempt from such reporting requirements pursuant to and in compliance with Rule 12g3-2(b) under the Securities Exchange Act, the Master Issuer will furnish to each holder who holds such restricted securities and to each prospective purchaser (as designated by such holder), upon the request of such holder or prospective purchaser, the information required to be provided pursuant to Rule 144A(d)(4) under the Securities Act.

DEFINED TERMS

Terms used in this base prospectus are defined in the glossary. Where terms first appear in the text, they are also defined there or accompanied by a reference to a definition elsewhere.

References to a law or a provision of a law is a reference to that law or provision as extended, amended or re-enacted.

References to any rating or rating criteria or methodology of Fitch, Moody's or S&P, and any trigger or test or notice requirement or other provision related thereto, are to be construed as applying only if and for so long as any Master Issuer notes rated by Fitch, Moody's or S&P, as applicable, remain outstanding.

References herein to this base prospectus are to this base prospectus.

References in this base prospectus to **final terms** are to the final terms for listed notes.

References in this base prospectus to a **drawdown prospectus** are to a drawdown prospectus which may be used when the Master Issuer intends to issue listed notes only in a form not contemplated by the terms and conditions of the Master Issuer notes herein, or if it considers that the information contained in this base prospectus needs to be supplemented, amended and/or replaced in the context of an issue of a particular series or class of Master Issuer notes.

References in this base prospectus to **issue terms** are to the issue terms for non-LSE listed notes, if any, (including Master Issuer notes not offered under this base prospectus). Issue terms will be based on the form of final terms set forth in this base prospectus.

References in this document to the **Master Issuer** mean Holmes Master Issuer PLC and references to **you** mean potential investors in the Master Issuer notes.

References in this base prospectus to the **depositor** or **Funding** mean Holmes Funding Limited.

References in this base prospectus to **£, pounds** or **sterling** are to the lawful currency of the United Kingdom of Great Britain. References in this base prospectus to **USD, US\$, \$, U.S. dollars** or **dollars** are to the lawful currency of the United States of America. References in this base prospectus to **€, euro** or **Euro** are to the currency of the Member States of the European Union that adopt the single currency in accordance with the Treaty on the Functioning of the European Union, as amended from time to time.

Because this transaction is connected, by virtue of its structure, with several previous transactions and because it may be connected with future transactions, it is necessary in this base prospectus to refer to any or all of these transactions.

In respect of notes or other terms derived from or related to them, the word **previous** is used when referring to the previous transactions, **Master Issuer** when referring to a transaction set out in the accompanying final terms (the **present transaction**), **current** when referring to both the previous transactions and the present transaction (i.e. all outstanding transactions), **new** when referring to future transactions, and **any** or **all** when referring to any or all of the previous transactions, the present transaction and future transactions. For example, the **Master Issuer notes** are the notes issued by Holmes Master Issuer PLC as set out in the relevant final terms and the **previous notes** are the notes issued by the Master Issuer prior to the date of the relevant final terms.

In respect of term advances or intercompany loans, the word **previous** is used when referring to any term advances or intercompany loans made available in respect of a previous transaction by the Master Issuer under the master intercompany loan agreement, **current** when referring to any term advances or intercompany loans made available by the Master Issuer under the master intercompany loan agreement in respect of the present transaction, **new** when referring to any term advances or intercompany loans made available in respect of a future transaction either (i) by the Master Issuer under the master intercompany loan agreement, or (ii) by a new issuing entity under a new intercompany loan agreement and **any** or **all** when referring to any of the term advances or intercompany loans under the previous transactions, the present transaction and future transactions.

Each term advance (being either (i) a previous term advance made by the Master Issuer under a previous intercompany loan, (ii) a current term advance made by the Master Issuer to Funding under the current intercompany loan, or (iii) a new term advance made by a new issuing entity or the Master Issuer under a new intercompany loan, in each case funded from proceeds received by the relevant issuing entity from the issuance of a series and class (or sub-class) of notes) carries a rating designation, which is the rating assigned on issuance by the rating agencies (Moody's, S&P and Fitch) to the corresponding notes used to fund that term advance on their respective closing dates (except that none of the rating agencies are expected to assign a rating to the class Z notes and therefore the term advances corresponding to those non-rated notes are referred to as NR term advances). These rating designations or rankings, from highest to lowest, are AAA, AA, A, BBB and NR. References to higher or lower term advance rating designations, designated ratings, rankings or term advance ratings should be construed accordingly. If any series of Master Issuer notes ceases to be rated by any one of the rating agencies (a **removed rating agency**), for so long as such series of Master Issuer notes remains rated by two rating agencies, the related ratings criteria, rating tests, rating triggers and any and all requirements specified by and/or relating to such removed rating agency (including, but not limited to, those specified in the transaction documents) shall be deemed to be disapplied until such time that such removed rating agency is reappointed as a rating agency in respect of such series of Master Issuer notes.

FORWARD-LOOKING STATEMENTS

This base prospectus includes forward-looking statements including, but not limited to, statements made under the headings "**Risk factors**", "**The loans**", "**The servicer**" and "**The servicing agreement**". These forward-looking statements can be identified by the use of forward-looking terminology, such as the words "believes", "expects", "may", "intends", "should" or "anticipates" or the negative or other variations of those terms. These statements involve known and unknown risks, uncertainties and other important factors that could cause the actual results and performance of the Master Issuer notes, Santander UK or the UK residential mortgage industry to differ materially from any future results or performance expressed or implied in the forward-looking statements. These risks, uncertainties and other factors include, among others general economic and business conditions in the UK, currency exchange and interest rate fluctuations, government, statutory, regulatory or administrative initiatives affecting Santander UK, changes in business strategy, lending practices or customer relationships and other factors that may be referred to in this base prospectus. Some of

the most significant of these risks, uncertainties and other factors are discussed in this base prospectus under the heading "**Risk factors**", and you are encouraged to carefully consider those factors prior to making an investment decision in relation to the Master Issuer notes.

These forward-looking statements speak only as of the date of this base prospectus. The Master Issuer expressly disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statement contained herein to reflect any change in the Master Issuer's expectations with regard thereto or any change in events, conditions or circumstances after the date of this base prospectus on which any such statement is based. These statements reflect the Master Issuer's current views with respect to such matters.

IMPORTANT NOTICE ABOUT INFORMATION PROVIDED IN THIS BASE PROSPECTUS AND THE RELEVANT FINAL TERMS

Information about each series and class (or sub-class) of Master Issuer notes is contained in two separate documents: (a) this base prospectus, which provides general information, some of which may not apply to a particular series and class (or sub-class) of Master Issuer notes; and (b) the relevant final terms for a particular series and class (or sub-class) of Master Issuer notes, which describes the specific terms of the Master Issuer notes of that series and class (or sub-class), including:

- the timing of interest and principal payments;
- financial and other information about the assets of the Master Issuer;
- information about enhancement for the series or class (or sub-class) of Master Issuer notes;
- the ratings for the class of Master Issuer rated notes; and
- the method for selling the Master Issuer notes.

This base prospectus may be used to offer and sell any series and class (or sub-class) of Master Issuer notes only if accompanied by the relevant final terms for that series and class (or sub-class).

Although the information in the relevant final terms for a particular series and class (or sub-class) of Master Issuer notes should not be inconsistent with the information contained in this base prospectus, insofar as the relevant final terms contain specific information about the series and class (or sub-class) that differs from the more general information contained in this base prospectus, you should rely on the information in the relevant final terms.

You should rely only on the information contained in this base prospectus and the relevant final terms, including the information incorporated by reference. The Master Issuer has not authorised anyone to provide you with information that is different from that contained in this base prospectus and the relevant final terms. The information in this base prospectus and the relevant final terms is only accurate as of the dates on the respective covers of those documents.

Cross-references are included in this base prospectus and each relevant final terms to headings in these materials under which you can find further related discussions. The table of contents in this base prospectus provides the pages on which these headings are located.

If you require additional information, the mailing address of the Master Issuer's principal executive offices is 2 Triton Square, Regent's Place, London NW1 3AN, United Kingdom and the email is MTF@santander.co.uk. For other means of acquiring additional information about the Master Issuer or a series or class (or sub-class) of Master Issuer notes, see "**Incorporation of certain information by reference**" in this base prospectus.

INCORPORATION OF CERTAIN INFORMATION BY REFERENCE

The audited financial statements, the independent auditors' report and the notes to the financial statements of Funding for the year ended 31 December 2021, which appear on pages 6 to 26 of Funding's Annual Report and Accounts for the year ended 31 December 2021 and have been prepared in accordance with UK-adopted international accounting standards and in accordance with the requirements of the Companies Act 2006 and are incorporated by reference into this base prospectus. Copies of these financial statements may be viewed online at <https://www.santander.co.uk/about-santander/investor-relations/holmes->

[master-trust](#) or may be provided by the Principal Paying Agent by email following prior written request to the Principal Paying Agent. The independent auditor PricewaterhouseCoopers LLP, members of the Institute of Chartered Accountants in England and Wales, have issued an unqualified audit opinion on the financial statements of Funding for the year ended 31 December 2021.

The audited financial statements, the independent auditors' report and the notes to the financial statements of Funding for the year ended 31 December 2022, which appear on pages 6 to 26 of Funding's Annual Report and Accounts for the year ended 31 December 2022 and have been prepared in accordance with UK-adopted international accounting standards and in accordance with the requirements of the Companies Act 2006 and are incorporated by reference into this base prospectus. Copies of these financial statements may be viewed online at <https://www.santander.co.uk/about-santander/investor-relations/holmes-master-trust> or may be provided by the Principal Paying Agent by email following prior written request to the Principal Paying Agent. The independent auditor PricewaterhouseCoopers LLP, members of the Institute of Chartered Accountants in England and Wales, have issued an unqualified audit opinion on the financial statements of Funding for the year ended 31 December 2022.¹

The audited financial statements, the independent auditors' report and the notes to the financial statements of the Master Issuer for the year ended 31 December 2021, which appear on pages 6 to 30 of the Master Issuer's Annual Report and Accounts for the year ended 31 December 2021, have been prepared in accordance with UK-adopted international accounting standards and in accordance with the requirements of the Companies Act 2006 and are incorporated by reference into this base prospectus. Copies of these financial statements may be viewed online at <https://www.santander.co.uk/about-santander/investor-relations/holmes-master-trust> or may be provided by the Principal Paying Agent by email following prior written request to the Principal Paying Agent. The independent auditor PricewaterhouseCoopers LLP, members of the Institute of Chartered Accountants in England and Wales, have issued an unqualified audit opinion on the financial statements of Funding for the year ended 31 December 2021.

The audited financial statements, the independent auditors' report and the notes to the financial statements of the Master Issuer for the year ended 31 December 2022, which appear on pages 6 to 28 of the Master Issuer's Annual Report and Accounts for the year ended 31 December 2022, have been prepared in accordance with UK-adopted international accounting standards and in accordance with the requirements of the Companies Act 2006 and are incorporated by reference into this base prospectus. Copies of these financial statements may be viewed online at <https://www.santander.co.uk/about-santander/investor-relations/holmes-master-trust> or may be provided by the Principal Paying Agent by email following prior written request to the Principal Paying Agent. The independent auditor PricewaterhouseCoopers LLP, members of the Institute of Chartered Accountants in England and Wales, have issued an unqualified audit opinion on the financial statements of Funding for the year ended 31 December 2022.²

The terms and conditions of the notes contained in the previous prospectuses relating to the programme dated 28 April 2017, 5 March 2018, 30 June 2021, 24 May 2022 and 12 May 2023 are incorporated by reference into this base prospectus. Copies of the terms and conditions contained in the previous prospectuses referred to above may be viewed online at <https://www.santander.co.uk/about-santander/investor-relations/holmes-master-trust> or may be provided by the Principal Paying Agent by email following prior written request to the Principal Paying Agent.

If documents which are incorporated by reference themselves incorporate any information or other documents therein, either expressly or implicitly, such information or other documents will not form part of this base prospectus for the purposes of the UK Prospectus Regulation except where such information or other documents are specifically incorporated by reference or attached to this base prospectus.

Any information in the documents incorporated by reference which is not incorporated in and does not form part of this base prospectus is either not relevant for investors or is contained elsewhere in the base prospectus.

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OVERVIEW

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

Transaction Overview

The following is a brief overview of the transaction and is further illustrated by the "**Structural diagram of the securitisation by the Master Issuer**". The numbers in the diagram refer to the numbered paragraphs below (save in respect of paragraphs (2) and (10) which are not represented in the diagram).

- (1) On 26 July 2000 (the **initial closing date**) and on several subsequent dates (in connection with previous transactions by the Master Issuer), the seller assigned the trust property to the mortgages trustee pursuant to a mortgage sale agreement and retained an interest for itself in the trust property, as further described in "**Assignment of the loans and their related security**". From time to time the seller may, subject to satisfaction of the conditions to sale set out in "**Assignment of the loans and their related security—Assignment of loans and their related security to the mortgages trustee**", sell further loans and their related security to the mortgages trustee.

On 28 November 2006, Santander UK plc (at that time known as Abbey National plc), in its capacity as sponsor, established the programme whereby the Master Issuer may from time to time issue the Master Issuer notes. Not all of the Master Issuer notes issued under the programme have been or will be offered by this base prospectus.

- (2) The loans are residential mortgage loans originated by Santander UK and secured over residential properties located in England, Wales and Scotland.
- (3) The mortgages trustee holds, and will hold, the loans and other property (the **trust property**) on trust for the benefit of the seller and Funding pursuant to a mortgages trust deed entered into on 25 July 2000, as amended, restated or supplemented from time to time. The trust property includes the portfolio, which at any time consists of the loans and the other amounts derived from the loans and their related security. Each of the seller and Funding has a joint and undivided interest in the trust property but their respective entitlement to the proceeds from the trust property is in proportion to their respective shares of the trust property, as further described under "**The mortgages trust**".
- (4) The mortgages trustee distributes interest payments on the loans, after payment of certain fees and expenses (including those of the mortgages trustee, the servicer, the cash manager and the account banks), to Funding according to the share that Funding has in the trust property. The mortgages trustee distributes the remaining interest receipts on the loans to the seller. The mortgages trustee allocates losses in relation to the loans to the seller and Funding according to the share that each of them then has in the trust property, expressed as a percentage. These percentages may fluctuate as described in "**The mortgages trust**". The mortgages trustee distributes principal payments on the loans to the seller and Funding according to the share that each of them has in the trust property from time to time and a series of rules as described in "**The mortgages trust**".
- (5) Funding will use the proceeds of term advances received from time to time from the Master Issuer under the master intercompany loan to:
 - i. pay the seller part of the consideration for loans (together with their related security) sold by the seller to the mortgages trustee in connection with the relevant issue of Master Issuer notes and the making of the relevant term advances to Funding, which will result in an increase in the amount of the trust property and a corresponding adjustment to the value of the Funding share of the trust property and the value of the seller share of the trust property;
 - ii. acquire part of the seller share of the trust property, which will result in a corresponding decrease of the seller share of the trust property and a corresponding increase in the Funding share of the trust property;

- iii. fund or replenish the first reserve fund; and/or
 - iv. make a payment to the Master Issuer or a new issuing entity to refinance a previous term advance, a current term advance or new term advance (in whole or in part).
- (6) Funding will use a portion of the amounts received from its share in the trust property to meet its obligations to pay interest and principal due to the Master Issuer under the master intercompany loan. Funding's obligations to the Master Issuer under the master intercompany loan will be secured under the Funding deed of charge by, among other things, the Funding share of the trust property.
- (7) The Master Issuer's obligations to pay principal and interest on the Master Issuer notes will be funded primarily from the payments of principal and interest received by it from Funding under the master intercompany loan. The Master Issuer's primary asset will be its rights and interests under the master intercompany loan agreement. Neither the Master Issuer nor the noteholders will have any direct interest in the trust property, although the Master Issuer will have a shared security interest under the Funding deed of charge in respect of Funding's share of the trust property. Prior to service of a note enforcement notice, the Master Issuer will only repay a class of Master Issuer notes (or part thereof) of any series on the relevant interest payment date if it has received principal repayments in respect of the term advance that was funded by the issue of such Master Issuer notes. The Master Issuer will only receive a principal repayment in respect of such term advance if, among other things, following such repayment there would continue to be sufficient credit enhancement on that date for each outstanding class of Master Issuer notes, either in the form of lower ranking classes of Master Issuer notes or other forms of credit enhancement. Following service of a note enforcement notice, the Master Issuer will apply amounts received by it from Funding under the master intercompany loan agreement to repay all classes of outstanding Master Issuer notes of any series (see "**Cashflows—Distribution of Master Issuer principal receipts**").
- (8) Subject to satisfying certain conditions precedent, including:
- i. the Master Issuer obtaining written confirmation from each of the rating agencies that the then current ratings of the Master Issuer rated notes outstanding at that time, and the rankings of the corresponding term advances outstanding at that time, will not be adversely affected because of the proposed issue;
 - ii. that no event of default under the master intercompany loan agreement outstanding at that time has occurred which has not been remedied or waived, and no event of default will occur as a result of the proposed issue of the Master Issuer notes; and
 - iii. as at the most recent interest payment date, no deficiency (which remains outstanding) is recorded on the principal deficiency ledger in relation to the term advances (other than any NR term advances) outstanding at that time,

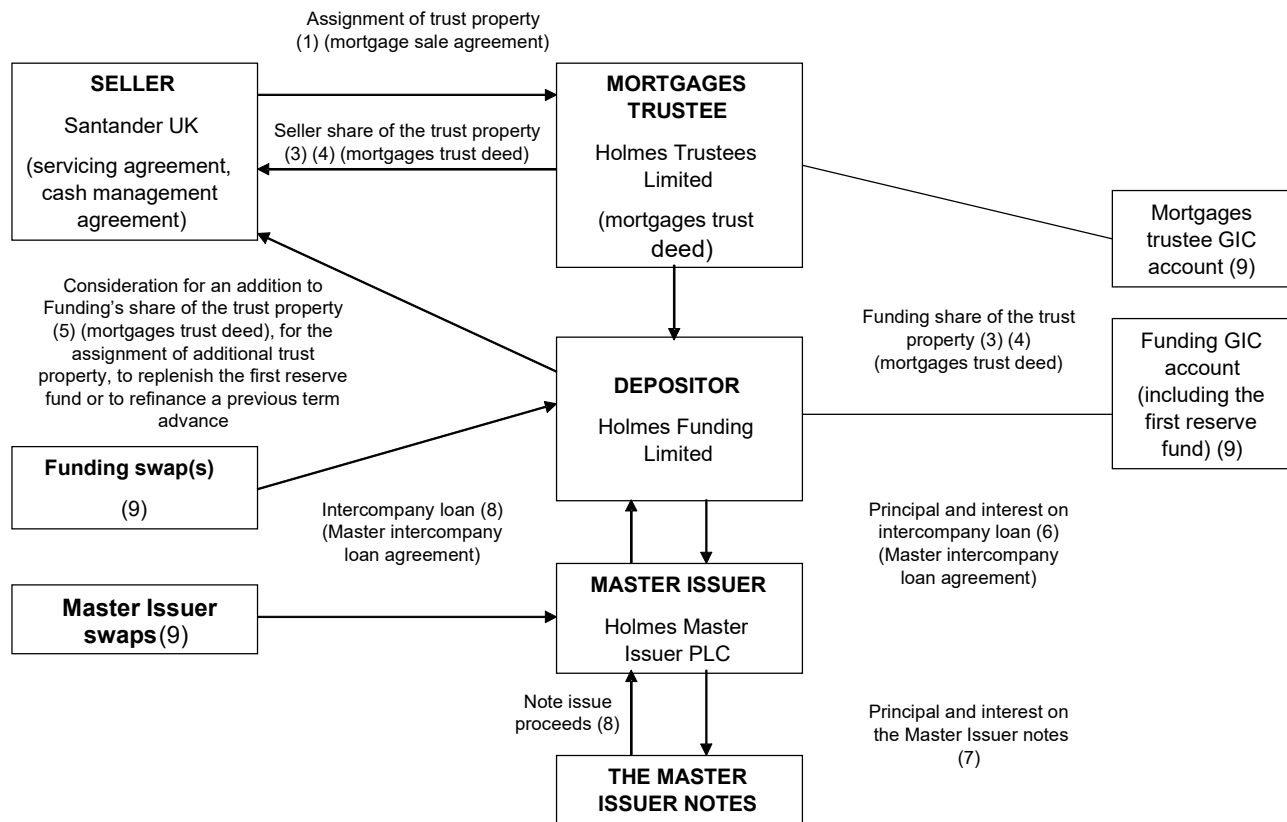
the Master Issuer will issue Master Issuer notes in separate series and classes (or sub-classes) (each such issue of Master Issuer notes issued under the programme being an **issue**) and then lend the proceeds to Funding under the master intercompany loan agreement (see "**Overview of the Master Issuer notes—Relationship between the Master Issuer notes and the master intercompany loan**"). The class Z variable funding notes may be issued together with other classes of notes of a series, but will not be linked to that series. The types of term advances (namely, bullet term advances, scheduled amortisation term advances and pass-through term advances) are described under "**Overview of the Master Issuer notes—Intercompany loans**". Each series will consist of one or more classes (or sub-classes) of Master Issuer notes and may be offered under this base prospectus and the relevant final terms setting out the terms of that series and those classes (or sub-classes) of Master Issuer notes. The Master Issuer's obligations under, among other things, the Master Issuer notes will be secured, under the Master Issuer deed of charge entered into on 28 November 2006 (as supplemented, amended and/or restated from time to time) by the Master Issuer with, among others, the Master Issuer security trustee and the note trustee, over, among other things, the Master Issuer's rights under the master intercompany loan agreement and the Funding deed of charge.

- (9) The accounts, the reserve funds and any 2a-7 swap transactions, the interest-rate swap transactions, the basis-rate swap transactions and the currency swap transactions and their function in the

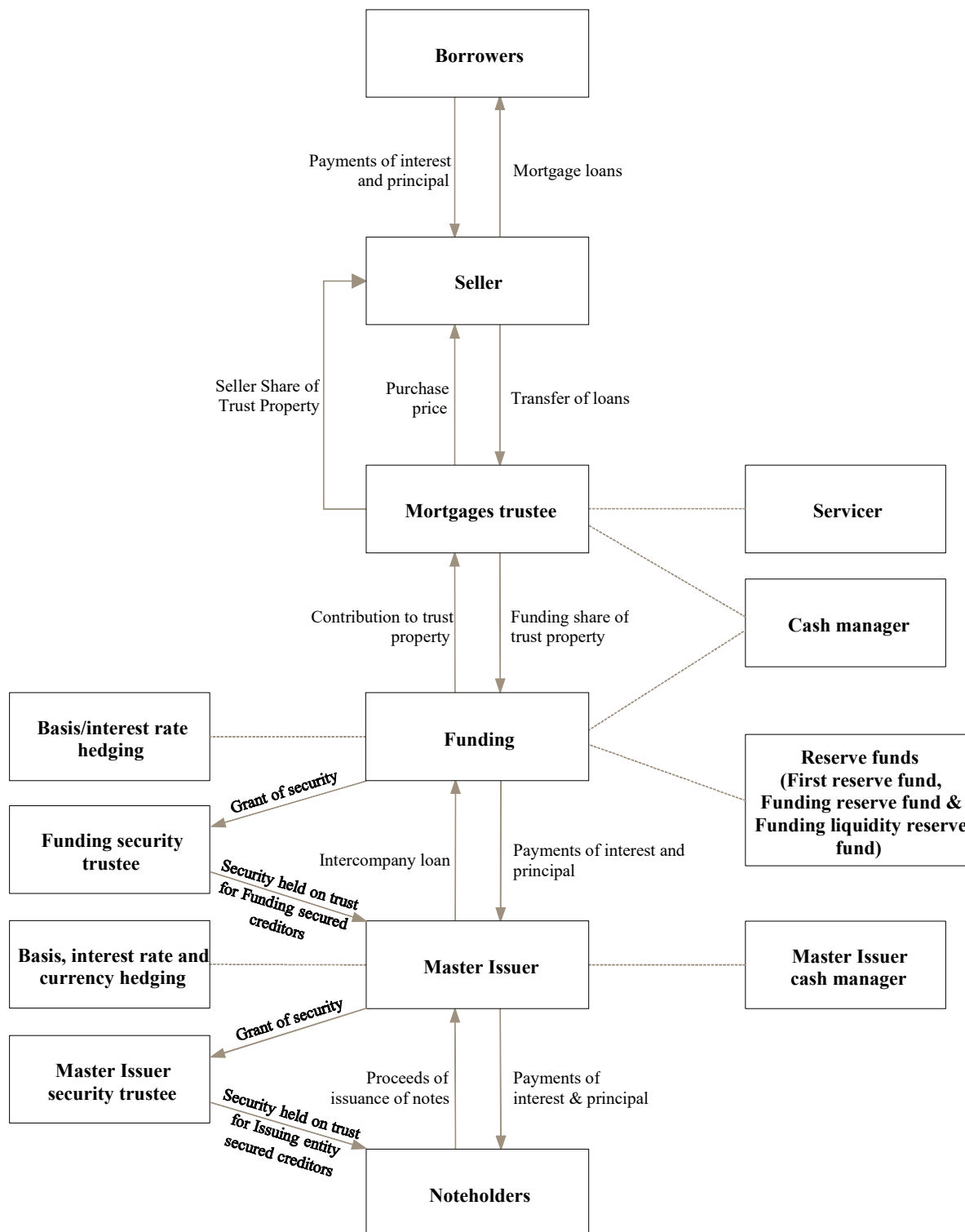
programme structure are described later in this base prospectus and the relevant final terms. They are included in the following diagram so that investors can refer back to see where they fit into the structure.

- (10) The Master Issuer may choose to issue foreign law notes. For foreign law notes to be issued, certain amendments to the existing transaction documents and the execution of further transaction documents may be required though your consent to those amendments and the execution of such further transaction documents may not be required (see "**Overview of the Master Issuer notes—Foreign law notes**" below).
- (11) Funding or the cash manager may, at their election, require the note trustee to give its consent (or direct the Master Issuer security trustee to give its consent) to such modifications that are required to accommodate, *inter alia*, different interest payment dates and/or interest periods for any Master Issuer notes to be issued by the Master Issuer and/or different interest payment dates and/or interest periods in respect of any outstanding Master Issuer term advances under the master intercompany loan. As a result of such election, Funding available principal receipts and Funding available revenue receipts may be distributed to Funding at such times to enable Funding to meet its obligations under the master intercompany loan agreement as they fall due. See "**Cashflows—Modifications to the distribution of Funding available principal receipts and Funding available revenue receipts**".
- (12) The Master Issuer has issued previous notes and used the proceeds thereof to make intercompany loans to Funding. Subject to certain conditions described further in this base prospectus, from time to time new issuing entities may also be established to issue new notes and make new intercompany loans to Funding. In addition, new separate funding entities (each a **new funding entity**) may be created in the future and new issuing entities may be established to issue new notes and make new intercompany loans to such new funding entities. The previous notes issued by the Master Issuer are, and any new notes issued by such new issuing entities will be, ultimately secured by the same trust property as the Master Issuer notes offered by the Master Issuer under this base prospectus and the relevant final terms. The allocation of trust property as between Santander UK (the **seller**) and Funding is described in this base prospectus under "**The mortgages trust**".

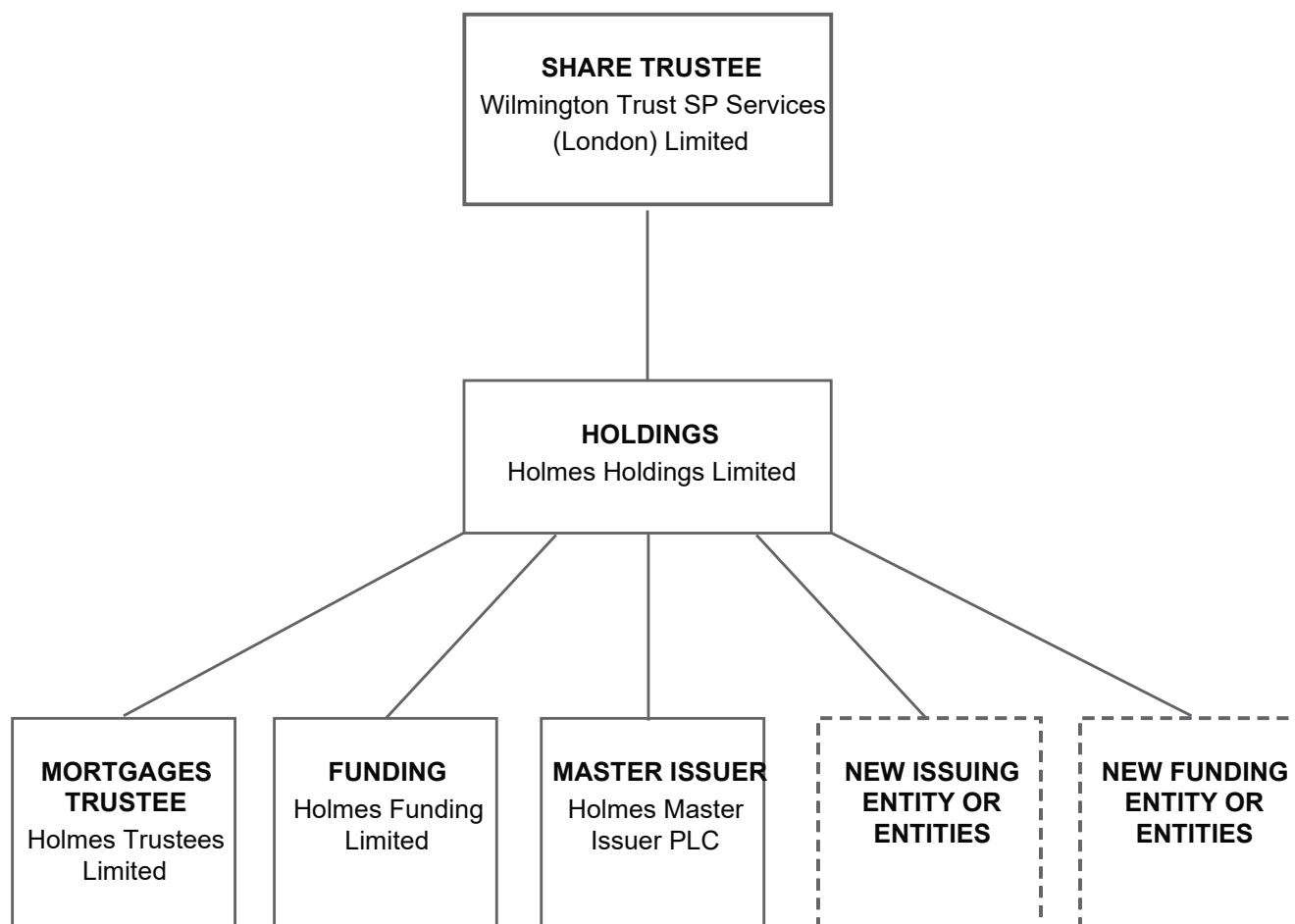
Diagrammatic overview of the transaction



Diagrammatic overview of on-going cashflows



Diagrammatic overview of the ownership structure of special purpose vehicles



This diagram illustrates the ownership structure of the principal special purpose companies involved in the programme, as follows:

- Each of the mortgages trustee, Funding and the Master Issuer is, and any new issuing entity or new funding entity is expected to be, a wholly owned subsidiary of Holmes Holdings Limited (**Holdings**). See "**Funding**" and "**Overview of the Master Issuer notes—New issuing entities and new funding entities**" in this base prospectus.
- The entire issued share capital of Holdings is held on trust by a professional trust company, not affiliated with the seller, under the terms of a discretionary trust for the benefit of one or more discretionary objects. Neither the seller nor any company connected with the seller can direct the share trustees and none of such companies has any control, direct or indirect, over Holdings or the Master Issuer. See "**Holdings**".
- Santander UK (who as the sponsor organises and initiates each transaction under the programme) has no ownership interest in any of the entities in the diagram above. This should ensure, among other things, that none of the transactions under the programme will be linked to the credit of Santander UK, and that Santander UK has no obligation to support any such transaction financially, although Santander UK may still have a connection with such transaction for other reasons (such as acting as servicer of the loans and as a beneficiary under the mortgages trust). See "**The Santander UK group of companies**".

- Any Master Issuer notes offered under this base prospectus and the relevant final terms will rank behind, equally or ahead of the previous notes issued by the Master Issuer or a new issuing entity. The Master Issuer has made previous intercompany loans to Funding, and some of the previous term advances in those previous intercompany loans may rank ahead of some of the term advances in the current intercompany loan as to payment, and accordingly some of the previous notes issued by the Master Issuer may rank ahead of some of the Master Issuer notes offered under this base prospectus and the relevant final terms as to payment. The Master Issuer and, if relevant, any new issuing entities will share in the security granted by Funding for its respective obligations to them under their respective intercompany loans.
- Holdings may establish new issuing entities that issue new notes that may rank behind, equally or ahead of the Master Issuer notes, depending on the ratings of the new notes as described under "**—The new issuing entities and new funding entities**". Any new issuing entity established after the date of this base prospectus is expected to be a wholly owned subsidiary of Holdings.
- Holdings may establish new funding entities (each a **new funding entity**), which may in the future use the proceeds of new term advances received from new issuing entities under new intercompany loan agreements (subject to the agreement of the seller and Funding) to acquire an interest in the trust property (by making a payment either to the seller or to Funding). Any new funding entity would be a wholly owned subsidiary of Holdings as described in "**—New issuing entities and new funding entities**". The new notes issued by a new issuing entity would be backed by the same trust property as the Master Issuer notes offered under this base prospectus and the relevant final terms. See "**Risk factors—Holdings may establish new funding entities, which may become additional beneficiaries under the mortgages trust**".
- In certain circumstances (including when new issuing entities are established or new funding entities become beneficiaries under the mortgages trust) the security trustee may, or will be obliged to, consent to modifications being made to some of the transaction documents. Your consent will not be obtained in relation to those modifications. See "**Risk factors—The security trustee, the Master Issuer security trustee and/or the note trustee may agree to modifications to the transaction documents without your prior consent, which may adversely affect your interests**".

Transaction Parties

Party	Name	Address	Document under which appointed / Further Information
Originator	Santander UK plc	2 Triton Square, Regent's Place, London NW1 3AN	N/A. Please see " Santander UK plc and the Santander UK Group " for more information.
Arranger	Banco Santander, S.A.	Ciudad Grupo Santander, Avda de Cantabria s/n, 28660 Boadilla del Monte, Madrid, Spain	N/A. Please see " Santander UK plc and the Santander UK Group " for more information.
Dealer	Banco Santander, S.A. and such other dealers as may be appointed from time to time	Ciudad Grupo Santander, Avda de Cantabria s/n, 28660 Boadilla del Monte, Madrid, Spain	Dealers means the entities appointed under the programme agreement or purchase agreement, together with any additional entities (if any) named as such in the relevant subscription agreement for a particular issuance of Master Issuer notes.
Master Issuer	Holmes Master Issuer PLC	2 Triton Square, Regent's Place, London NW1 3AN	N/A. Please see " The Master Issuer " for more information.
Mortgages trustee	Holmes Trustees Limited	2 Triton Square, Regent's Place, London NW1 3AN	N/A. Please see " The mortgages trustee " for more information.
Funding	Holmes Funding Limited	2 Triton Square, Regent's Place, London NW1 3AN	N/A. Please see " Funding " for more information.
Holdings	Holmes Holdings Limited	2 Triton Square, Regent's Place, London NW1 3AN	N/A. Please see " Holdings " for more information.
Seller	Santander UK plc	2 Triton Square, Regent's Place, London NW1 3AN	N/A. Please see " Assignment of the loans and their related security " and " Santander UK plc and the Santander UK Group " for more information.

Party	Name	Address	Document under which appointed / Further Information
Sponsor	Santander UK plc	2 Triton Square, Regent's Place, London NW1 3AN	N/A. Please see "Santander UK plc and the Santander UK Group" for more information.
Start-up loan provider	Santander UK plc	2 Triton Square, Regent's Place, London NW1 3AN	N/A. If applicable, further information will be set out in the final terms for the relevant issuance of the Master Issuer notes.
Servicer	Santander UK plc	2 Triton Square, Regent's Place, London NW1 3AN	The servicer was appointed pursuant to the servicing agreement. Please see "The servicing agreement" and "Santander UK plc and the Santander UK Group" for more information.
Security trustee	The Bank of New York Mellon, acting through its London branch	160 Queen Victoria Street, London EC4V 4LA	The security trustee was appointed pursuant to the Funding deed of charge. Please see "The note trustee, the security trustee and the Master Issuer security trustee" for more information.
Master Issuer security trustee	The Bank of New York Mellon, acting through its London branch	160 Queen Victoria Street, London EC4V 4LA	The Master Issuer security trustee was appointed pursuant to the Master Issuer deed of charge. Please see "The note trustee, the security trustee and the Master Issuer security trustee" for more information.

Party	Name	Address	Document under which appointed / Further Information
Note trustee	The Bank of New York Mellon, acting through its London branch	160 Queen Victoria Street, London EC4V 4LA	The note trustee was appointed pursuant to the trust deed. Please see "The note trustee, the security trustee and the Master Issuer security trustee" for more information.
Cash manager	Santander UK plc	2 Triton Square, Regent's Place, London NW1 3AN	The cash manager was appointed pursuant to the cash management agreement. Please see "Cash management for the mortgages trustee and Funding" and "Santander UK plc and the Santander UK Group" for more information.
Account bank A	The Bank of New York Mellon, acting through its London Branch	160 Queen Victoria Street, London EC4V 4LA	Account bank A was appointed as an account bank pursuant to the bank account agreement in respect of the Funding transaction account. Please see "Cash management for the mortgages trustee and Funding" for more information.
Account bank B	Santander UK plc	2 Triton Square, Regent's Place, London NW1 3AN	Account bank B was appointed as an account bank pursuant to the bank account agreement in respect of the Funding GIC account and the mortgages trustee GIC account. Please see "Cash management for the mortgages trustee and Funding" and "Santander UK plc and the Santander UK Group" for more information.

Party	Name	Address	Document under which appointed / Further Information
Master Issuer cash manager	Santander UK plc	2 Triton Square, Regent's Place, London NW1 3AN	The Master Issuer cash manager was appointed pursuant to the Master Issuer cash management agreement. Please see "Cash management for the Master Issuer" and "Santander UK plc and the Santander UK Group" for more information.
Master Issuer corporate services provider	Wilmington Trust SP Services (London) Limited	Third Floor, 1 King's Arms Yard, London EC2R 7AF	The Master Issuer corporate services provider was appointed pursuant to the Master Issuer corporate services agreement.
Corporate services provider	Wilmington Trust SP Services (London) Limited	Third Floor, 1 King's Arms Yard, London EC2R 7AF	The corporate services provider was appointed pursuant to the corporate services agreement.
Sterling account bank and non-sterling account bank	Santander UK plc	2 Triton Square, Regent's Place, London NW1 3AN	The sterling account bank and the non-sterling account bank were appointed pursuant to the Master Issuer bank account agreement. Please see "The Master Issuer bank account agreement" and "Master Issuer's bank accounts" for more information.
Funding GIC provider	Santander UK plc	2 Triton Square, Regent's Place, London NW1 3AN	The Funding GIC provider was appointed pursuant to the Funding guaranteed investment contract. Please see "Santander UK plc and the Santander UK Group" and "Mortgages trustee GIC account/Funding GIC account" for more information.

Party	Name	Address	Document under which appointed / Further Information
Mortgages trustee GIC provider	Santander UK plc	2 Triton Square, Regent's Place, London NW1 3AN	The mortgages trustee GIC provider was appointed pursuant to the mortgages trustee guaranteed investment contract. Please see " Santander UK plc and the Santander UK Group " and " Mortgages trustee GIC account/Funding GIC account " for more information.
Funding swap provider	Santander UK plc	2 Triton Square, Regent's Place, London NW1 3AN	Please see " The Funding swap provider " for more information.
Master Issuer swap providers	Santander UK plc unless otherwise set forth in an applicable drawdown prospectus, supplemental prospectus or final terms.	2 Triton Square, Regent's Place, London NW1 3AN	Please see " The Master Issuer swap providers " for more information.
Principal paying agent	The Bank of New York Mellon, acting through its London branch	160 Queen Victoria Street, London EC4V 4LA	The principal paying agent was appointed pursuant to the Master Issuer paying agent and agent bank agreement
U.S. paying agent	The Bank of New York Mellon, acting through its New York branch	101 Barclay Street, New York NY 10286	The U.S. paying agent was appointed pursuant to the Master Issuer paying agent and agent bank agreement
Agent bank	The Bank of New York Mellon, acting through its London branch	160 Queen Victoria Street, London EC4V 4LA	The agent bank was appointed pursuant to the Master Issuer paying agent and agent bank agreement

Party	Name	Address	Document under which appointed / Further Information
Registrar	The Bank of New York Mellon S.A./N.V., Luxembourg Branch (formerly The Bank of New York Mellon (Luxembourg) S.A.)	Vertigo Building – Polaris, 2-4 rue Eugène Ruppert L-2453 Luxembourg	The registrar was appointed pursuant to the Master Issuer paying agent and agent bank agreement
Transfer agent	The Bank of New York Mellon S.A./N.V., Luxembourg Branch (formerly The Bank of New York Mellon (Luxembourg) S.A.)	Vertigo Building – Polaris, 2-4 rue Eugène Ruppert L-2453 Luxembourg	The transfer agent was appointed pursuant to the Master Issuer paying agent and agent bank agreement
Listing authority and stock exchange	Main market of the London Stock Exchange	N/A	N/A
Clearing systems	Euroclear, Clearstream, Luxembourg and DTC	N/A	N/A
Rating agencies	S&P Global Ratings Europe Limited, Moody's Investors Service Limited and Fitch Ratings Ltd., as applicable	N/A	N/A
Extraordinary payment holiday start-up loan provider	Santander UK plc	2 Triton Square, Regent's Place, London NW1 3AN	The extraordinary payment holiday start-up loan provider was appointed pursuant to the extraordinary payment holiday start-up loan agreement
Conditional note purchaser	<p>If a conditional note purchaser is specified in a drawdown prospectus with respect to any remarketable notes, the conditional purchaser will agree pursuant to a conditional purchase agreement to purchase all remarketable notes that are not sold to third party purchasers by the remarketing agent.</p> <p>For a more detailed description of the conditional purchase agreement, see “Overview of issuing notes—Money market notes” below.</p>		

RISK FACTORS

This section describes the principal risk factors associated with an investment in the Master Issuer notes. If you are considering purchasing the Master Issuer notes, you should carefully read and consider all the information contained in this base prospectus and in the relevant final terms, including the risk factors set out herein, prior to making any investment decision.

The Master Issuer believes that the risks described below are the principal risks inherent in the transaction for the noteholders of a series, but the inability of the borrowers to pay interest, principal or other amounts on the loans and their related security and consequently the inability of the Master Issuer to pay interest, principal or other amounts on or in connection with the Master Issuer notes of a series and class may occur for other reasons, and the Master Issuer does not represent that the below statements regarding the risk of holding the Master Issuer notes of a series and class are exhaustive. Although the Master Issuer believes that the various structural elements described in this base prospectus lessen some of the risks for the noteholders, there can be no assurance that these measures will be sufficient to ensure payment to the noteholders of interest, principal or any other amounts on or in connection with the Master Issuer notes of a series and class on a timely basis or at all.

RISKS RELATED TO THE AVAILABILITY OF FUNDS TO PAY THE NOTES

You cannot rely on any person other than the Master Issuer to make payments on the Master Issuer notes

The terms of the Master Issuer notes and transaction documents include limited recourse provisions, therefore the Master Issuer notes will not represent an obligation or be the responsibility of Santander UK or any of its affiliates, any arranger, any dealer or any of their respective affiliates, the mortgages trustee, the security trustee, the Master Issuer security trustee, the note trustee, any further funding entity and/or new issuing entity, or any other party to the transaction other than the Master Issuer. Other than as set out in the risk factor **"The Master Issuer will only have recourse to the seller if there is a breach of warranty or other obligation by the seller, but otherwise the seller's assets will not be available to the Master Issuer as a source of funds to make payments on the Master Issuer notes"**, neither you nor the Master Issuer will have any recourse to the assets of Santander UK or any of its affiliates. If the Master Issuer does not have sufficient funds to enable it to make the required payments on the Master Issuer notes, as the Master Issuer notes and transaction documents include limited recourse provisions, you will not be able to rely on any other party to the transaction to make payments on the Master Issuer notes and, as a result, you may incur a loss of interest and/or principal which would otherwise be due and payable on your Master Issuer notes.

The Master Issuer has limited resources available to it to make payments on the Master Issuer notes

The Master Issuer's ability to make payments of principal and interest on the Master Issuer notes and to pay its operating and administrative expenses will depend primarily on payments being received by it under the master intercompany loan agreement. The payment of interest and principal on each series and class (or sub-class) of Master Issuer notes will primarily depend on payments being received by the Master Issuer under the related term advance. In addition, the Master Issuer will rely on the currency swaps to hedge the currency exposure with respect to certain series and classes (or sub-classes) of Master Issuer notes.

If Funding is unable to pay in full on any interest payment date (a) the interest on any rated term advance, (b) its operating and administrative expenses and/or (c) the principal payments in respect of the Funding liquidity reserve fund term advances, and in the event that the seller suffers a certain ratings downgrade, Funding may draw money from the Funding liquidity reserve fund (see **"Credit structure"**). The Master Issuer will not have any other significant sources of funds available to meet the Master Issuer's obligations under the Master Issuer notes and/or any other payments ranking in priority to the Master Issuer notes. If the resources described above cannot provide the Master Issuer with sufficient funds to enable it to make the required payments on the Master Issuer notes, you may incur a loss of interest and/or principal which would otherwise be due and payable on your Master Issuer notes.

Funding is not obliged to make payments on the term advances if it does not have enough money to do so, which could adversely affect payments on the Master Issuer notes

Funding's ability to pay amounts due on any term advances will depend upon *inter alia*:

- Funding receiving enough funds from the Funding share percentage of the revenue and principal receipts on the loans included in the mortgages trust on or before each interest payment date;
- Funding receiving the required funds from the Funding swap provider;
- the amount of funds credited to the first reserve fund or to the liquidity reserve fund, if any (as described in "**Credit structure—First reserve fund**" and "**Credit structure—Funding liquidity reserve fund**"); and
- the allocation of funds between the previous term advances, the current term advances and any new term advances (as described in "**Cashflows**").

According to the terms of the mortgages trust deed, the mortgages trustee is obliged to pay to Funding the Funding share percentage of revenue receipts on the loans (subject to payment of prior ranking amounts) by crediting those amounts to the Funding GIC account on each distribution date. The mortgages trustee is obliged to pay to Funding principal receipts on the loans by crediting those amounts to the Funding GIC account as and when required pursuant to the terms of the mortgages trust deed.

The obligations of Funding are limited recourse. Funding will be obliged to pay revenue receipts due to the Master Issuer under the master intercompany loan agreement only to the extent that it has revenue receipts left over after making payments ranking in priority to the payments due to the Master Issuer, such as payments of certain fees and expenses of Funding and payments to a new issuing entity on new term advances under any new intercompany loan agreement.

Funding will be obliged to pay principal receipts due to the Master Issuer under the master intercompany loan agreement only to the extent that it has principal receipts available for that purpose after repaying amounts ranking in priority to the payments due to the Master Issuer (including repaying higher ranking new term advances with respect to a new issuing entity), as described in "**Cashflows—Distribution of Funding available principal receipts prior to enforcement of the Funding security or the occurrence of a trigger event or enforcement of the Master Issuer security—Rules for application of Funding available principal receipts and Funding principal receipts**".

If Funding does not pay amounts under the master intercompany loan because it does not have enough money available, those amounts will be deemed not to be due and payable, so there will not be an event of default under the master intercompany loan, and the Master Issuer will not have recourse to the assets of Funding in that instance.

If there is a shortfall between the amounts payable by Funding to the Master Issuer in respect of a term advance under the master intercompany loan agreement and the amounts payable by the Master Issuer on the related series and class (or sub-class) of Master Issuer notes, you may, depending on what other sources of funds are available to the Master Issuer and to Funding, not receive the full amount of interest and/or principal which would otherwise be due and payable on the Master Issuer notes.

Although enforcement of the Master Issuer security will be possible following the occurrence of an event of default in the Master Issuer's obligations, the proceeds of that enforcement may not be enough to make all payments due on the Master Issuer notes

The only remedy for recovering amounts on the Master Issuer notes is through the enforcement of the Master Issuer security. The Master Issuer has no recourse to the assets of Funding unless Funding has defaulted on its obligations under the master intercompany loan agreement and the Funding security has been enforced.

If the security created as required by the Master Issuer deed of charge is enforced, the proceeds of enforcement may be insufficient to pay all principal and interest due on the Master Issuer notes.

New issuing entities and new start-up loan providers will share in the same security granted by Funding to the Master Issuer, and this may adversely affect payments on the Master Issuer notes

If Funding enters into any new intercompany loan agreements, then if required it may also enter into new start-up loan agreements with new start-up loan providers and the security trustee. If Funding is required, in order to ensure no adverse impact on the ratings of the Master Issuer rated notes, to further fund one or more of the existing reserve funds, Funding may use part of the proceeds of the new start-up loans.

Any new issuing entities may become parties to the Funding deed of charge and, if so, will be entitled to share in the security granted by Funding for the Master Issuer's benefit (and the benefit of the other Funding secured creditors) under the Funding deed of charge. This could ultimately cause a reduction in the payments noteholders receive on the Master Issuer notes. Your consent to the requisite changes to the transaction documents may not be sought. See **"The security trustee, the Master Issuer security trustee and/or the note trustee may agree to modifications to the transaction documents without your prior written consent, which may adversely affect your interests"**.

The Funding swap provider, the start-up loan provider and the Funding loan provider already share in the security being granted by Funding to the Master Issuer, which may adversely affect payments on the Master Issuer notes

Funding has previously entered into start-up loan agreements with the start-up loan provider and the security trustee, all of which have been fully repaid prior to the date of this base prospectus. Funding used part of the proceeds of these start-up loans to fund the first reserve fund. Funding may enter into further start-up loan agreements with the start-up loan provider and the security trustee on the closing dates relating to an issue of Master Issuer notes and part of the proceeds of such new start-up loans may be used to further fund the first reserve fund.

The liabilities owed to the Funding swap provider which are secured by the Funding deed of charge may increase each time that Funding enters into a new intercompany loan agreement.

The Funding loan provider may in certain circumstances make loans to Funding. See **"Overview of the Master Issuer notes—Funding loan"** below. Each of the start-up loan provider, the Funding swap provider and the Funding loan provider is a party to the Funding deed of charge and is entitled to share in the security granted by Funding for the benefit of the Funding secured creditors (including, as from the programme date, the Master Issuer) under the Funding deed of charge. These factors could ultimately cause a reduction in the payments noteholders receive on the Master Issuer notes.

The Master Issuer may be unable to pay or provide for, in full or at all, interest due on the Master Issuer notes if there is an income or principal deficiency

If, on any interest payment date, revenue receipts available to Funding (including the reserve funds) are insufficient to enable Funding to pay or provide for the payment of interest on previous term advances, current term advances and any new term advances, and other expenses of Funding ranking higher in seniority to interest due on such term advances, then Funding may use principal receipts to make up the shortfall.

Funding available principal receipts used to pay interest on term advances are recorded as follows: (a) first, in no order of priority between them but in proportion to the respective amounts due, (i) on the NR principal deficiency sub-ledger until the balance of the NR principal deficiency sub-ledger is equal to the aggregate principal amount outstanding of all term NR advances and (ii) on the Funding loan principal deficiency sub-ledger until the balance of the Funding loan principal deficiency sub-ledger is equal to the aggregate principal amount outstanding of the Funding loan; (b) second, on the BBB principal deficiency sub-ledger until the balance of the BBB principal deficiency sub-ledger is equal to the aggregate principal amount outstanding of all BBB term advances; (c) third, on the A principal deficiency sub-ledger until the balance of the A principal deficiency sub-ledger is equal to the aggregate principal amount outstanding of all A term advances; (d) fourth, on the AA principal deficiency sub-ledger until the balance of the AA principal deficiency sub-ledger is equal to the aggregate principal amount outstanding of all AA term advances; and (e) fifth, on the AAA principal deficiency sub-ledger, at which point there will be an asset trigger event.

It is expected that these principal deficiencies will be recouped from subsequent excess revenue receipts and amounts standing to the credit of the first reserve fund and if there are insufficient funds available

because of income or principal deficiencies, this will affect the funds which the Master Issuer has available to make payments on the Master Issuer notes of any series or class (or sub-class) and, as a consequence, you may receive later than anticipated, and/or you may not receive in full, repayment of the principal amount outstanding on the Master Issuer notes.

For more information on principal deficiencies, see "**Credit structure—Principal deficiency ledger**".

Subordination of other Master Issuer Note classes may not protect noteholders from all risk of loss

The class B notes, the class M notes, the class C notes and the class Z notes of any series are subordinated in right of payment of interest to the class A notes of any series. The class M notes, the class C notes and the class Z notes are subordinated in right of payment of interest to the class B notes of any series. The class C notes and the class Z notes of any series are subordinated in right of payment of interest to the class M notes of any series. The class Z notes of any series are subordinated in right of payment of interest to the class C notes of any series.

The class B notes, the class M notes, the class C notes and the class Z notes of any series are subordinated in right of payment of principal to the class A notes of any series. The class M notes, the class C notes and the class Z notes are subordinated in right of payment of principal to the class B notes of any series. The class C notes and the class Z notes of any series are subordinated in right of payment of principal to the class M notes of any series. The class Z notes of any series are subordinated in right of payment of principal to the class C notes of any series.

You should be aware however that not all classes of Master Issuer notes are scheduled to receive payments of principal on the same interest payment dates. The interest payment dates for the payment of interest and principal in respect of each series and class (or sub-class) of Master Issuer notes will be specified in the relevant final terms or drawdown prospectus, as applicable. Each series and class (or sub-class) of Master Issuer notes may have interest payment dates in respect of interest and/or principal that are different from other Master Issuer notes of the same class (but of a different series) or of the same series (but of a different class or sub-class). Despite the principal priority of payments described above, subject to no trigger event having occurred and satisfaction of the repayment tests, lower ranking classes of Master Issuer notes may nevertheless be repaid principal before higher ranking classes of Master Issuer notes and a series and class (or sub-class) of Master Issuer notes may be repaid principal before other series of Master Issuer notes of the same class. Payments of principal are expected to be made on each class of Master Issuer notes in amounts up to the amounts set forth under "**Cashflows—Distribution of Master Issuer principal receipts prior to enforcement of the Master Issuer security**", "**—Distribution of Master Issuer principal receipts following enforcement of the Master Issuer security but prior to enforcement of the Funding security**" and "**—Distribution of Master Issuer principal receipts and Master Issuer revenue receipts following enforcement of the Master Issuer security and following enforcement of the Funding security**".

However, there is no assurance that these subordination rules will protect the class A noteholders from all risks of loss, the class B noteholders from all risks of loss, the class M noteholders from all risks of loss or the class C noteholders from all risks of loss. If the losses borne by the class Z notes are in an amount equal to the aggregate outstanding principal balances of the class Z notes, then losses on the loans will thereafter be borne by the class C notes. Similarly, if the losses borne by the class Z notes and the class C notes are in an amount equal to the aggregate outstanding principal balances of the class Z notes and the class C notes, then losses on the loans will thereafter be borne by the class M notes. Similarly, if the losses borne by the class Z notes, the class C notes and the class M notes are in an amount equal to the aggregate outstanding principal balances of the class Z notes, the class C notes and the class M notes, then losses on the loans will thereafter be borne by the class B notes. Finally, if the losses borne by the class Z notes, the class C notes, the class M notes and the class B notes are in an amount equal to the aggregate outstanding principal balances of the class Z notes, the class C notes, the class M notes and the class B notes, then losses on the loans will thereafter be borne by the class A notes, at which point there will be an asset trigger event.

RISKS RELATING TO THE UNDERLYING ASSETS

A decline in property values may adversely affect payments on the Master Issuer notes

The security granted by Funding in respect of the master intercompany loan, which is the principal source of income for repayment of the Master Issuer notes, consists, among other things, of Funding's interest in the mortgages trust.

The value of the portfolio held by the mortgages trustee, and therefore the value of the security granted by Funding, will decrease if there is a general decline in property values. The Master Issuer cannot give any assurance that the value of a mortgaged property will remain at the same level as at the date of origination of the related loan. If the residential property market in the UK experiences a decline in property values, the value of the security created by the mortgage could be significantly reduced and, ultimately, may materially adversely affect the ability of the Master Issuer to make payments on the Master Issuer notes.

A decline in property values could increase the number of borrowers who may have insufficient resources to pay amounts in respect of their loans as and when they fall due, and may have insufficient equity to refinance their loans with lenders other than the seller. This could lead to higher delinquency rates and losses which in turn may adversely affect payments on the Master Issuer notes.

Following the peak in aggregate UK house prices in 2022, these fell slightly in 2023 and there is ongoing uncertainty in the outlook for house prices in 2024 and beyond. The principal source of income for repayment of the Master Issuer notes by the Master Issuer is the intercompany loan agreement. The principal source of income for repayment by Funding of each term advance under the intercompany loan agreement is its interest in the loans held on trust by the mortgages trustee for Funding and the seller. If the timing of and the repayment of the loans is adversely affected by any of the risks described in this section, then the payments on the Master Issuer notes could be reduced and/or delayed.

There can be no assurance that a borrower will repay principal at the end of the term on an interest only loan, which may adversely affect repayments on the Master Issuer notes

Each loan in the portfolio is repayable either on a principal repayment basis or an interest only basis or on a combination of principal repayment and interest only basis. For interest only loans, because the principal is repaid in a lump sum at the maturity of the loan, the borrower is required to put in place and maintain a suitable repayment mechanism such as an appropriate investment plan to help ensure that funds will be available to repay the principal at the end of the term. The seller has introduced more stringent processes for verifying such repayment mechanisms for new loans but still does not take security over these repayment mechanisms. The borrower is also recommended to take out a life insurance policy in relation to the loan but, as with a repayment mechanism, the seller does not take security over these life insurance policies.

The ability of a borrower to repay the principal on an interest only loan at maturity depends on the borrower's responsibility to ensure that sufficient funds are available from a repayment mechanism or another source, such as ISAs, personal equity plans, endowment policies or the proceeds of sale of the underlying property, as well as the financial condition of the borrower, tax laws and general economic conditions at the time.

The proceeds from an investment plan or other repayment mechanism may be insufficient to cover repayment of principal of the loan. There can be no assurance that the borrower will have the funds required to repay the principal at the end of the term. If a borrower cannot repay the loan and a loss occurs on the loan, then this may affect repayments of principal on the Master Issuer notes if that loss cannot be cured by amounts standing to the credit of the first reserve fund or the application of excess Funding available revenue receipts. In respect of loans sold to the mortgages trustee, the relevant final terms or drawdown prospectus will state the amount of the loans in the expected portfolio that are interest only loans. See "**Statistical information on the expected portfolio**" in the relevant final terms or drawdown prospectus.

The yield to maturity of the Master Issuer notes may be adversely affected by prepayments or redemptions on the loans

The yield to maturity of the Master Issuer notes of each class (and sub-class) will depend mostly on (a) the amount and timing of payment of principal on the loans and (b) the price paid by the noteholders of each class (and sub-class) of Master Issuer notes.

The yield to maturity of the Master Issuer notes of each class (and sub-class) may be adversely affected by a higher or lower than anticipated rate of prepayments on the loans. The factors affecting the rate of prepayment on the loans are described in “**—The Master Issuer's ability to redeem the Master Issuer notes on their scheduled redemption dates may be affected by the rate of prepayment on the loans**” and “**—Competition in the UK**”.

In addition, the yield to maturity of the Master Issuer notes of each class may be affected by the seller having elected to send the mortgages trustee an excluded further advance notice and/or an excluded product switch notice which entitles the seller thereafter to repurchase all loans that are the subject of a further advance and/or product switch, respectively, from that date forward until such notice is revoked (as further described in “**Assignment of loans and their related security—Product switches and further advances**” below). The seller has delivered such an excluded product switch notice and an excluded further advance notice to the mortgages trustee which means that loans subject to product switches and/or further advances are subject to repurchases until the excluded product switch notice and/or excluded further advance notice is revoked.

No assurance can be given that Funding will accumulate sufficient funds during the cash accumulation periods relating to bullet term advances or scheduled amortisation term advances owed to the Master Issuer to enable it to repay these bullet term advances or scheduled amortisation term advances owed to the Master Issuer so that the corresponding series and class (or sub-class) of the Master Issuer notes will be redeemed in accordance with their bullet redemption dates or scheduled redemption dates, respectively.

The extent to which sufficient funds are accumulated by Funding during a cash accumulation period or a scheduled amortisation period or received by it from its share in the mortgages trust on a scheduled repayment date will depend on whether the actual principal prepayment rate of the loans is the same as the assumed principal prepayment rate. If Funding is not able to accumulate enough money during a cash accumulation period or a scheduled amortisation period or does not receive enough money from its share in the mortgages trust to pay the full amount scheduled to be repaid on a bullet term advance or scheduled amortisation term advance and the Master Issuer is therefore unable to redeem the corresponding series and class (or sub-class) of Master Issuer notes on their scheduled redemption date(s), then Funding will be required to pay to the Master Issuer on those scheduled redemption dates only the amount that it has actually accumulated. Any shortfall will be deferred and paid on subsequent interest payment dates when Funding has money available to make the payment. In these circumstances, there may be a variation in the yield to maturity of the relevant class of Master Issuer notes.

The timing and amount of payments on the loans could be affected by various factors which may adversely affect payments on the Master Issuer notes

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. Other factors in borrowers' individual, personal or financial circumstances may affect the ability of borrowers to repay loans. Loss of earnings, illness, divorce, the present cost of living crisis in the UK and any impact of the invasion of Ukraine, the escalation of the armed conflict between Israel and Hamas and widespread health or economic crises or the fear of such crises (including, but not limited to, the cost of living crisis, epidemic and/or pandemic diseases, such as the COVID-19 pandemic), as well as 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 loans. In particular, interest rates have risen sharply since 2022 and although it is predicted that the peak has been reached there remains a risk that further increases will be needed particularly if rising energy inflation returns. This would put further pressure on household finances for some of the Santander UK Group's customers due to a sharp rise of the costs for refinancing their mortgages and significantly higher costs of borrowing overall. Higher mortgage rates could dampen demand in the housing market, leading to further drops in new business

or a steeper fall in house prices, reducing the value of the properties securing the relevant loans. In addition, governmental action or inaction in respect of, or responses to, any widespread health crises or such potential crises (such as those implemented to combat the COVID-19 pandemic), whether in the UK or in any other jurisdiction, may lead to a deterioration of economic conditions both globally and also within the UK. Given the unpredictable effect such factors may have on the local, national or global economy, no assurance can be given as to the impact of any of the matters described in this paragraph and, in particular, no assurance can be given that such matters would not adversely affect the ability of the Master Issuer to satisfy its obligations under the Master Issuer notes. See also "**A decline in property values may adversely affect payments on the Master Issuer notes**" above.

Inflation peaked in October 2022, and since then the growth rate has continually fallen and should be near the target level in 2024. Monetary policy in the UK remains tight and whilst peak interest rates may have been reached, interest rates are likely to remain high throughout 2024.

If a borrower fails to repay its loan and the related property is repossessed, the likelihood of there being a net loss on disposition of the property is adversely affected by a higher loan-to-value ratio. 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 the 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. The relevant final terms will provide information on the distribution of the loan-to-value ratios at origination of the loans sold to the mortgages trustee, see "**Statistical information on the expected portfolio**" in the relevant final terms.

If obtaining possession of properties and arranging a sale in such circumstances is lengthy or costly, the Master Issuer's ability to make payments on the Master Issuer notes may be reduced. The Master Issuer's ability to make such payments may be reduced further if the powers of a mortgagee in relation to obtaining possession of properties permitted by law are restricted in the future. Investors should note that the FCA guidance for firms entitled: "*Mortgages and coronavirus: Tailored Support Guidance*" which came into force on 16 September 2020 ("**Tailored Support Guidance**") provides that from 1 April 2021, subject to any relevant government restrictions on repossessions, lenders may enforce repossession as long as they act in accordance with the Tailored Support Guidance, the FCA's Mortgages and Home Finance: Conduct of Business Sourcebook (**MCOB**) 13 and relevant regulatory and legislative requirements. The Tailored Support Guidance remains relevant in the light of the 'Dear CEO' letter dated 16 June 2022 which noted that such guidance is also relevant for borrowers in financial difficulties due to other circumstances, such as the rising cost of living. Therefore, if a borrower indicates that they are experiencing or reasonably expect to experience payment difficulties due to the rising cost of living, the FCA have said that lenders should offer prospective forbearance to enable them to avoid, reduce, or manage any payment shortfall that would otherwise arise. This includes borrowers who have not yet missed payment.

On 26 June 2023, HMT published the 'Mortgage Charter' in light of the current pressures on households following interest rate rises and the cost of living crisis (last updated on 15 January 2024). The Mortgage Charter states that the UK's largest mortgage lenders and the FCA have agreed with the Chancellor of the Exchequer a set of standards that they will adopt when helping their regulated mortgage borrowers worried about high interest rates (the **Mortgage Charter**). The seller is a signatory to the Mortgage Charter and has agreed that, among other things, a borrower will not be forced to leave their home without their consent within a one-year period of their first missed payment (other than in exceptional circumstances). In addition, lenders will permit borrowers who are up to date with their payments to: (i) switch to interest-only payments for six months; or (ii) extend their mortgage term to reduce their monthly payments and give borrowers the option to revert to their original term within six months by contacting their lender. These options can be taken by borrowers who are up to date with their payments without a new affordability check or affecting their credit score. The Mortgage Charter commitments only applies to owner-occupied mortgage loans. This may adversely affect the ability of the Master Issuer to meet its obligations under the Master Issuer notes. Further detail in relation to the Mortgage Charter is included in the section headed "**Material Information Relating to the Regulation of Mortgages in the UK – Mortgage Charter**" below.

There can be no assurance that the FCA, or other UK government or regulatory bodies, may not take further steps (as a response to, without limitation, epidemic or pandemic diseases or the cost of living crisis) which may impact the performance of the loans, including further amending and extending the scope of the above guidance.

As regards any extraordinary payment holiday event, whilst Funding available revenue receipts may be increased by any extraordinary payment holiday amount granted by the seller and/or the funding of any extraordinary payment holiday start-up loan by the extraordinary payment holiday start-up loan provider (see the sections "**The mortgages trust**" and "**The extraordinary payment holiday start-up loan agreement**" below), if the timing of the payments, as well as the quantum of such payments, in respect of the loans is adversely affected by the circumstances leading to the seller agreeing deferral arrangements with its borrowers, then payments on the Master Issuer notes could be reduced and/or delayed and could ultimately result in losses on the Master Issuer notes.

The Master Issuer's ability to redeem the Master Issuer notes on their scheduled redemption dates or their final maturity dates may be affected by the rate of prepayment on the loans

Prepayments on the loans may result from refinancings, sales of properties by borrowers voluntarily or as a result of enforcement proceedings under the relevant mortgages, as well as the receipt of proceeds under the insurance policies. Repurchases of loans by the seller under the terms of the mortgage sale agreement will have the same effect as a prepayment of such loans by borrowers. The yield to maturity of the Master Issuer notes of any class may be adversely affected by, amongst other things, a higher or lower than anticipated rate of prepayments on the loans.

The rate of prepayment of loans by borrowers 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. For instance, prepayments on the loans may be due to borrowers refinancing their loans and sales of mortgaged properties by borrowers (either voluntarily or as a result of enforcement action taken). In addition, if the seller is required to repurchase a loan or loans and their related security under a mortgage account because, for example, one of the loans does not materially comply with the representations and warranties in the mortgage sale agreement, then the payment received by the mortgages trustee will have the same effect as a prepayment of these loans under the mortgage account. Because these factors are not within the Master Issuer's control or the control of Funding or the mortgages trustee, the Master Issuer cannot give any assurances as to the level of prepayments that the portfolio may experience.

Variation in the rate of prepayments of principal on the loans or loans being subject to a repurchase under the terms of the mortgage sale agreement may affect each series and class (or sub-class) of Master Issuer notes differently depending upon amounts already repaid by Funding to the Master Issuer in respect of the corresponding term advance and whether a trigger event has occurred, or a loan is subject to a product switch or a further advance or the security granted by the Master Issuer under the Master Issuer deed of charge or by Funding under the Funding deed of charge has been enforced. If prepayments on the loans occur less frequently than anticipated, there may be insufficient funds available to the Master Issuer to redeem notes in full on their respective scheduled redemption dates or final maturity dates.

The inclusion of certain types of loans may affect the rate of repayment and prepayment of the loans

The portfolio contains flexible loans. Flexible loans provide the borrower with a range of options that give that borrower greater flexibility in the timing and amount of payments made under the loans. Subject to the terms and conditions of the loans (which may require in some cases notification to the seller and in other cases the consent of the seller), under a flexible loan a borrower may (among other things) redraw amounts that have been repaid exercising available options set out in the relevant flexible option agreement. For a detailed summary of the characteristics of the flexible loans, see "**The loans—Characteristics of the loans—Flexible loans**".

To the extent that borrowers under flexible loans exercise any of the options available to them, the timing of payments on the Master Issuer notes may be adversely affected.

As new loans are assigned to the mortgages trustee or existing loans are repaid or repurchased from the portfolio, the characteristics of the trust property may change from those existing at the date of this base prospectus, and those changes may adversely affect payments on the Master Issuer notes

There is no guarantee that any new loans assigned to the mortgages trustee will have the same characteristics as the loans in the portfolio as at the date of this base prospectus. In particular, new loans may have different payment characteristics to the loans in the portfolio as at the date of this base prospectus. The

ultimate effect of this could be to delay or reduce the payments noteholders receive on the Master Issuer notes. However, the new loans will be required to meet the criteria described in "**Assignment of the loans and their related security**". Such criteria may be modified from time to time after the closing date and your consent to such modifications will not be obtained provided the then current ratings of the outstanding Master Issuer rated notes will not be adversely affected by the proposed modifications.

After the applicable closing date, existing loans may, or will be required to be, repurchased, as applicable in the limited circumstances established in the mortgage sale agreement, which include the repurchase of loans as a result of a material breach of a representation or warranty, repurchase of loans following the delivery of an excluded product switch notice and/or an excluded further advance notice, repurchase of loans which are two or more monthly payments in arrears, repurchase of loans with an outstanding principal balance in excess of £750,000 and repurchase of loans which are seller share repurchase loans. For further details, see "**Assignment of loans and their related security—Repurchase of loans under a mortgage account**", "**—Excluded further advances and excluded product switches**", and "**—Repurchase of loans in arrears**" and "**—Repurchase of non-compliant UK Securitisation Regulation loans**".

The seller may change the lending criteria relating to loans that are subsequently assigned to the mortgages trustee, which could affect the characteristics of the trust property and which may adversely affect payments on the Master Issuer notes

Each of the loans was originated in accordance with the seller's lending criteria at the time of origination. The lending criteria as at the date of this base prospectus are set out in the section "**The loans—Lending criteria**". These lending criteria consider a variety of factors such as a potential borrower's credit history, employment history and status and repayment ability, as well as the value of the property to be mortgaged. In the event of the assignment of any new loans and new related security to the mortgages trustee, the seller will warrant that those new loans and new related security were originated in accordance with the seller's lending criteria at the time of their origination. However, the seller retains the right to revise its lending criteria as determined from time to time, and so the lending criteria applicable to any loan at the time of its origination may not be or have been the same as those set out in the section "**The loans —Lending criteria**".

If new loans that have been originated under revised lending criteria are assigned to the mortgages trustee, the characteristics of the trust property could change. This could lead to a delay or a reduction in the payments received on the Master Issuer notes.

The seller has adopted procedures relating to investigations and searches for remortgages which could affect the characteristics of the trust property and which may adversely affect payments on the Master Issuer notes

The seller does not require a solicitor or licensed conveyancer or (in Scotland) a qualified conveyancer to conduct a full investigation of the title to a property in all cases. Where the borrower is remortgaging there may be a more limited form of investigation of title for properties located in England, Wales and Scotland, in particular in the case of registered land in England and Wales (e.g. confirming that the borrower is the registered proprietor of the property and the description of the property corresponds with the entries on the Land Registry's register) and confirming such other matters as are required by a reasonable, prudent mortgage lender. Properties 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 properties not being accepted as security for a loan had such matters been revealed. The introduction of loans secured by such properties into the trust property could result in a change of the characteristics of the trust property. This could lead to a delay or a reduction in the payments received on the Master Issuer notes.

The portfolio may be subject to geographic concentration risks

To the extent that specific geographic regions within the UK have experienced or may experience in the future weaker regional economic conditions and housing markets than other regions, a concentration of the loans in such a region may be expected to exacerbate all risks relating to the loans described in these risk factors. The economy of each geographic region within the UK is dependent on different mixtures of industries and other factors. Any downturn in a local economy or particular industry may adversely affect the regional employment levels and consequently the repayment ability of the borrowers in that region or the region that

relies most heavily on that industry. Any natural disasters in a particular region may reduce the value of affected mortgaged properties. This may result in a loss being incurred upon sale of the mortgaged property. These circumstances could affect receipts on the loans and ultimately result in losses on the Master Issuer notes.

For an overview of the geographical distribution of the loans sold to the mortgages trustee in connection with the issuance of the relevant series of Master Issuer notes, see "**Statistical information on the expected portfolio**" in the relevant final terms or drawdown prospectus.

The principal source of income for repayment of the Master Issuer notes by the Master Issuer is the master intercompany loan agreement. The principal source of income for repayment by Funding of each term advance under the master intercompany loan agreement is its interest in the loans held on trust by the mortgages trustee for Funding and the seller. If the timing and payment of the loans is adversely affected by any of the risks described in this section, then the payments on the Master Issuer notes could be reduced and/or delayed.

Set-off risks in relation to flexible loans, delayed cashbacks and reward cashbacks may adversely affect the funds available to the Master Issuer to repay the Master Issuer notes

As described in "**—There may be risks associated with the fact that the mortgages trustee has no legal title to the mortgages, which may adversely affect payments on the Master Issuer notes**", the seller has made, and in the future may make, an equitable assignment of the mortgages, or in the case of Scottish mortgages a transfer of the beneficial interest in the Scottish mortgages pursuant to a Scottish declaration of trust, to the mortgages trustee, with legal title being retained by the seller. Therefore, the rights of the mortgages trustee may be subject to the direct rights of the borrowers against the seller, including rights of set-off existing prior to notification to the borrowers of the assignment of the mortgages. These set-off rights may occur if the seller fails to advance to a borrower a drawing under a flexible loan when the borrower is entitled to draw additional amounts under a flexible loan or if the seller fails to pay to a borrower any delayed cashback or reward cashback which the seller had agreed to pay to that borrower after completion of the relevant loan.

If the seller fails to advance the drawing or pay the delayed cashback or reward cashback, then the relevant borrower may set off any damages claim (or analogous rights in Scotland) arising from the seller's breach of contract against the seller's (and, as assignee of the mortgages, the mortgages trustee's) claim for payment of principal and/or interest under the loan as and when it becomes due. These set-off claims will constitute transaction set-off as described in the risk factor entitled "**—Independent set-off risks which a borrower has against the seller may adversely affect the funds available to the Master Issuer to repay the Master Issuer notes**".

The amount of the claim in respect of a drawing will, in many cases, be the cost to the borrower of finding an alternative source of finance (although, in the case of flexible loan drawing, a delayed cashback or reward cashback in respect of a Scottish loan, it is possible, though regarded as unlikely, that the borrower's right of set-off could extend to the whole amount of the additional drawing, delayed cashback or reward cashback (as the case may be)). The borrower may obtain a loan elsewhere in which case the damages would be equal to any difference in the borrowing costs together with any consequential losses, namely the associated costs of obtaining alternative funds (for example, legal fees and survey fees). If the borrower is unable to obtain an alternative loan, he or she may have a claim in respect of other 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 mortgage was taken out.

In respect of a delayed cashback or reward cashback, the claim is likely to be in an amount equal to the amount due under the delayed cashback or reward cashback together with interest and expenses and consequential losses (if any).

A borrower may also attempt to set off against his or her mortgage payments an amount greater than the amount of his or her damages claim (or analogous rights in Scotland). 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 would reduce the incoming cashflow to the mortgages trustee during such exercise. However, the amounts set off will be applied to reduce the seller share of the trust property until the seller share of the trust property is zero.

See also "**—Failure by the seller or the servicer to hold the relevant authorisation and permissions under the FSMA in relation to regulated mortgage contracts and regulated consumer credit agreements may have an adverse effect on enforcement of mortgage contracts**".

The minimum seller share has been sized in an amount expected to cover this risk, although there is no assurance that it will. If the minimum seller share is not sufficient in this respect, then there is a risk that noteholders may not receive all amounts due on the Master Issuer notes.

Independent set-off risks which a borrower has against the seller may adversely affect the funds available to the Master Issuer to repay the Master Issuer notes

Once notice has been given to borrowers of the transfer of the loans and their related security to the mortgages trustee, 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 (for example, a savings account maintained by a borrower pursuant to the terms of a flexible offset loan)) will not be affected by that notice. These set-off rights if exercised could reduce the principal receipts available to the mortgages trustee to distribute to Funding, and could ultimately affect the amounts available to the Master Issuer for payments on the Master Issuer notes. The minimum seller share may be adjusted to take into account amounts (including deposits) which a borrower may set-off against the amounts due under the loans. Any such adjustment is subject to (i) the agreement of the seller and (ii) confirmation from the rating agencies that there would be no adverse effect on the then current ratings of the Master Issuer notes as a result thereof and no assurance can be given that any potential set-off claim from a borrower would be sized for (in part or in full) in the minimum seller share. If the minimum seller share is not sufficient in this respect then there is a risk that you may not receive all amounts due on the Master Issuer notes or that payments may not be made when due.

Funding may not receive the benefit of any claims made on the buildings insurance which could adversely affect payments on the Master Issuer notes

The practice of the seller in relation to buildings insurance is described under "**The loans—Insurance policies**". As described in that section, no assurance can be given that Funding will always receive the benefit of any claims made under any applicable insurance contracts. This could reduce the principal receipts received by Funding according to the Funding share percentage and could adversely affect the Master Issuer's ability to redeem the Master Issuer notes. You should note that buildings insurance is renewed annually.

RISKS RELATING TO THE STRUCTURE

The required subordination for a class of Master Issuer notes may be changed

Under the terms of the transaction documents, the Master Issuer may change the required subordinated amount for any class of Master Issuer rated notes, or the method of calculating the required subordinated amount for such class, at any time without the consent of any noteholders if certain conditions are met, including confirmation from each rating agency that such change would not cause an adverse effect on its then current rating of any outstanding Master Issuer rated notes that would be affected by such change (subject to the provisions regarding non-responsive rating agencies described below under "**Ratings confirmation in respect of notes**"). Consequently, the Master Issuer could effectuate modifications to the required subordinated amount, including the method of calculating such amount, which affect your interests in any Master Issuer notes without your consent, and any such modifications will be binding on all noteholders. There can be no assurance that the effect of any such modifications will not ultimately adversely affect your interests in any Master Issuer notes.

Payments of class B, class M, class C and class Z notes may be deferred or reduced in certain circumstances

Under the terms of the transaction documents and the Master Issuer notes, on any interest payment date on which a payment of principal is due on any series of class B notes, class M notes, class C notes or class Z notes, the Master Issuer's obligation to make such principal payments will be subject to the satisfaction of the repayment tests described under "**Cashflows—Distribution of Funding available principal receipts prior to enforcement of the Funding security or the occurrence of a trigger event or enforcement of the Master Issuer security—Rules for application of Funding available principal receipts and Funding principal receipts—1. General rules**", including an arrears test, a general reserve fund requirement and a principal deficiency sub-ledger test to the extent that any class A notes of any series or any other senior ranking Master Issuer notes of any series are outstanding on that interest payment date. This means that payments of interest on any series of class B notes, class M notes, class C notes or class Z notes may be reduced or deferred until the earlier of the satisfaction of the repayment tests (if ever) and the final maturity date of the relevant notes. Consequently, if any applicable repayment tests are not satisfied on the relevant interest payment date, timing of payments on the Master Issuer notes may be adversely affected.

The occurrence of an asset trigger event and enforcement of the Master Issuer security may accelerate the repayment of certain Master Issuer notes and/or delay the repayment of other Master Issuer notes

If an asset trigger event has occurred, the mortgages trustee will distribute principal receipts on the loans to Funding and the seller proportionally and equally based on their percentage shares of the trust property (that is, the Funding share percentage and the seller share percentage). When an asset trigger event has occurred, Funding will repay:

first, in no order of priority among them but in proportion to the amounts due, the AAA term advances of each series until each of those AAA term advances are fully repaid;

then, in no order of priority among them but in proportion to the amounts due, the AA term advances of each series until each of those AA term advances are fully repaid;

then, in no order of priority among them but in proportion to the amounts due, the A term advances of each series until each of those A term advances are fully repaid;

then, in no order of priority among them but in proportion to the amounts due, the BBB term advances of each series until each of those BBB term advances are fully repaid; and

then, in no order of priority among them but in proportion to the respective amounts due, any Funding loan and the NR term advances of each series until the Funding loan and each of those NR term advances are fully repaid.

The above order of priority of payments may cause certain series and classes (or sub-classes) of Master Issuer notes to be repaid more rapidly than expected and other series and classes (or sub-classes) of Master Issuer notes to be repaid more slowly than expected and there is a risk that such Master Issuer notes may not be repaid by their final maturity date.

The occurrence of a non-asset trigger event may accelerate the repayment of certain Master Issuer notes and/or delay the repayment of other Master Issuer notes

If a non-asset trigger event has occurred, the mortgages trustee will distribute all principal receipts to Funding until the Funding share percentage of the trust property is zero. When a non-asset trigger event has occurred, Funding will repay:

first, the AAA term advances in order of final repayment date, beginning with the earliest final repayment date;

then, the AA term advances proportionately and equally until each of those AA term advances is fully repaid;

then, the A term advances proportionately and equally until each of those A term advances is fully repaid;

then, the BBB term advances proportionately and equally until each of those BBB term advances is fully repaid; and

then, any Funding loan and the NR term advances proportionately and equally until the Funding loan and each of those NR term advances is fully repaid.

The above order of priority of payments may cause certain series and classes (or sub-classes) of Master Issuer notes to be repaid more rapidly than expected and other series and classes (or sub-classes) of Master Issuer notes to be repaid more slowly than expected and there is a risk that such Master Issuer notes may not be repaid on their scheduled redemption dates.

On the final repayment date of an intercompany loan under the master intercompany loan agreement, any amounts remaining unpaid in respect of the AA term advances, the A term advances, the BBB term advances and the NR term advances will be extinguished, which would cause a loss on any class B notes, any class M notes, any class C notes and any class Z notes still outstanding

If there is a shortfall in the amounts payable by Funding to the Master Issuer in respect of a term advance under the master intercompany loan agreement, then the shortfall will be deemed to be not due and payable under the master intercompany loan agreement and the Master Issuer will not have any claim against Funding for the shortfall. If there is such a shortfall in interest and/or principal payments under the master intercompany loan agreement, you may not receive the full amount of interest and/or principal which would otherwise be due and payable on the class B notes, the class M notes, the class C notes or the class Z notes outstanding.

Issuance of further Master Issuer notes may affect the timing and amounts of payments to you

The Master Issuer expects to issue further Master Issuer notes from time to time. Further Master Issuer notes may be issued without notice to existing noteholders and without their consent, and may have different terms from outstanding Master Issuer notes. For a description of the conditions that must be satisfied before the Master Issuer can issue further Master Issuer notes, see "**Overview of the Master Issuer notes—Issuance**".

The issuance of further Master Issuer notes could adversely affect the timing and amount of payments on the outstanding Master Issuer notes. For example, if further Master Issuer notes of the same class (or sub-class) as the Master Issuer notes (issued after such Master Issuer notes) have a higher interest rate than the Master Issuer notes, this could result in a reduction in the available funds used to pay interest on the Master Issuer notes. Also, when further Master Issuer notes are issued, the voting rights attaching to the Master Issuer notes will be diluted.

Loans subject to product switches and further advances may be repurchased by the seller from the mortgages trustee, which will affect the prepayment rate of the loans, and this may affect the yield to maturity of the Master Issuer notes

Following the delivery of any excluded further advance notice and/or excluded product switch notice, the seller will be obliged to repurchase all loans subject to product switches and further advances until the date on which the relevant excluded further advance notice or excluded product switch notice is revoked (see further "**Assignment of the Loans and their related security—Excluded further advances and excluded product switches**" below). If any excluded further advance notice or excluded product switch notice is revoked, the loans subject to product switches or further advances (as applicable) will only be repurchased if: (i) as at the date of such product switch or further advance, the relevant loan does not materially comply with the representations and warranties set out in the mortgage sale agreement; and/or (ii) as of the next following trust calculation date, the relevant loan does not comply with the conditions precedent applicable to such loan, as described below in "**Assignment of the Loans and their related security—Conditions for product switches and further advances**".

If the seller repurchases any such loans and their related security from the mortgages trustee, the repurchase price will be equal to the outstanding principal balance of those loans together with any arrears of

interest and accrued and unpaid interest and expenses to the date of purchase of those loans on the distribution date immediately following the date that the related product switch or further advance notice is delivered.

See further “**Assignment of the Loans and their related security—Product switches and further advances**” below as to the circumstances in which a loan will be subject to a product switch or further advance.

The yield to maturity of the Master Issuer notes may be affected by the repurchase of loans subject to product switches and further advances.

Loans selected as seller share repurchase loans may be subject to optional repurchase by the seller, which will affect the prepayment rate of the loans, and this may affect the yield to maturity of the Master Issuer notes

Following any determination by the cash manager on any trust calculation date that the maximum seller share permitted reduction amount is greater than zero, the seller may select loans at random (with an aggregate outstanding principal balance not exceeding the maximum seller share permitted reduction amount) as seller share repurchase loans (see further “**Assignment of the loans and their related security—seller share permitted repurchase procedure**” below).

The seller may repurchase any such seller share repurchase loans and their related security in accordance with the optional repurchase provisions of the mortgage sale agreement. The repurchase price will be equal to the outstanding principal balance of those loans together with any arrears of interest and accrued and unpaid interest and expenses to the date of purchase of those loans.

See further “**Assignment of the loans and their related security—seller share permitted repurchase procedure**” below as to the circumstances in which a seller share repurchase loan may be repurchased.

The yield to maturity of the Master Issuer notes may be affected by the repurchase of such seller share repurchase loans.

The Master Issuer will only have recourse to the seller if there is a breach of warranty or other obligation by the seller, but otherwise the seller's assets will not be available to the Master Issuer as a source of funds to make payments on the Master Issuer notes

After a master intercompany loan enforcement notice under the master intercompany loan agreement is given (as described in “**Security for Funding's obligations**”), the security trustee may sell the Funding share of the trust property. There is no assurance that a buyer would be found or that such a sale would realise enough money to repay amounts due and payable under the master intercompany loan agreement.

The Master Issuer, Funding and the mortgages trustee will not have any recourse to the seller of the loans, other than in respect of a breach of warranty or other obligation under the mortgage sale agreement.

The Master Issuer, the mortgages trustee, Funding and the security trustee will not undertake any investigations, searches or other actions on any loan or its related security and each of them will rely instead on the warranties given in the mortgage sale agreement by the seller.

If any of the warranties given by the seller is materially untrue on the date on which a loan is assigned to the mortgages trustee, then the seller may be required by the mortgages trustee to remedy the breach within 20 days of the seller becoming aware of the same or of receipt by it of a notice from the mortgages trustee.

If the seller fails to remedy the breach within 20 days, the mortgages trustee may require the seller to repurchase the loan or loans under the relevant mortgage account and their related security together with any arrears of interest and accrued and unpaid interest and expenses. There can be no assurance that the seller will have the financial resources to repurchase the loan or loans under the relevant mortgage account and their related security. However, if the seller does not repurchase those loans and their related security when required, then the seller's share of the trust property will be deemed to be reduced by an amount equal to the principal amount outstanding of those loans together with any arrears of interest and accrued and unpaid interest and expenses.

Other than as described here, neither you nor the Master Issuer will have any recourse to the assets of the seller.

There may be risks associated with the fact that the mortgages trustee has no legal title to the mortgages, which may adversely affect payments on the Master Issuer notes

The sale by the seller to the mortgages trustee of the English mortgages has taken effect (and any sale of English mortgages in the future will take effect) in equity only. The sale by the seller to the mortgages trustee of the Scottish mortgages has taken effect by declarations of trust by the seller (and any sale of Scottish mortgages in the future will be given effect by further declarations of trust) by which the beneficial interest in the Scottish mortgages is transferred to the mortgages trustee. In each case this means that legal title to the loans in the trust property remains with the seller, but the mortgages trustee has all the other rights and benefits relating to ownership of each loan and its related security (which rights and benefits are subject to the trust in favour of the beneficiaries). The mortgages trustee has the right to demand that the seller give it legal title to the loans and the related security in the circumstances described in "**Assignment of the loans and their related security—Legal assignment of the loans to the mortgages trustee**". Until then the mortgages trustee will not apply to the Land Registry or the Central Land Charges Registry to register or record its equitable interest in the English mortgages, and cannot in any event apply to the Registers of Scotland to register or record its beneficial interest in the Scottish mortgages. For more information on the Scottish mortgages see "**The loans—Scottish loans**" and "**Material legal aspects of the loans—Scottish loans**".

Because the mortgages trustee has not obtained legal title to the loans or their related security, there are the following risks in relation to the repayment of the Master Issuer notes:

- *firstly*, if the seller wrongly sold a loan to another person which has already been assigned to the mortgages trustee, and that person acted in good faith and did not have notice of the interests of the mortgages trustee or the beneficiaries in the loan, then she or he might obtain good title to the loan, free from the interests of the mortgages trustee and the beneficiaries. If this occurred then the mortgages trustee 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. This may affect the ability of the Master Issuer to make payments on the Master Issuer notes; and
- *secondly*, the rights of the mortgages trustee and the beneficiaries may be subject to the rights of the borrowers against the seller, such as the rights of set-off (see in particular "**Set-off risks in relation to flexible loans, delayed cashbacks and reward cashbacks may adversely affect the funds available to the Master Issuer to repay the Master Issuer notes**") which occur in relation to transactions or deposits made between some borrowers and the seller and the rights of borrowers to redeem their mortgages by repaying the loan directly to the seller. If these rights are exercised, the mortgages trustee may receive less money than anticipated from the loans, which may affect the ability of the Master Issuer to make payments on the Master Issuer notes.

However, if a borrower exercises any set-off rights, then an amount equal to the amount set off will reduce the total amount of the seller share of the trust property only, and the minimum seller share has been sized in an amount expected to cover this risk (although there is no assurance that it will).

No new loans may be sold to the mortgages trustee if the step-up date in respect of any Master Issuer notes has occurred and the Master Issuer has not exercised its option to redeem the relevant Master Issuer notes

From time to time, the seller may sell new loans and their related security to the mortgages trustee which will be included in the portfolio, for example, to replace loans that have been repurchased in the limited circumstances established in the mortgage sale agreement (for example, as a result of a material breach of a representation or warranty, following the delivery of an excluded product switch notice and/or an excluded further advance notice, or as the loans are non-compliant loans). However, no sale of new loans may occur if, at the relevant sale date, the step-up date in respect of any series of Master Issuer notes has occurred and the Master Issuer has not exercised its option to redeem each relevant class of Master Issuer notes of such series at that date. See "**Assignment of loans and their related security to the mortgages trustee**" below for further details of the conditions new loans are required to meet. If, on the distribution date immediately succeeding a seller share event trust calculation date, the current seller share is equal to or less than the minimum seller share, then a non-asset trigger event will occur. See also the risk factor "**The occurrence of**

a non-asset trigger event may accelerate the repayment of certain Master Issuer notes and/or delay the repayment of other Master Issuer notes". If the seller is not permitted to sell new loans to the mortgages trustee, for example, to replace loans that have been repurchased, the portfolio may have different payment characteristics and the ultimate effect of this could be to delay or reduce the payments noteholders receive on the Master Issuer notes.

RISKS RELATING TO CHANGES TO THE STRUCTURE AND DOCUMENTS

The structure of the transaction in which you are investing is subject to change without your consent

The Master Issuer notes represent an indirect investment in a portfolio of mortgages held under a mortgages trust.

The underlying structure of the mortgages trust and the characteristics of the trust property are subject to change. However, your consent may not be required in relation to such changes. In particular (but without limitation), your attention is drawn to the risk factors described in the following sections set out below:

- "Holdings may establish new funding entities, which may become additional beneficiaries under the mortgages trust";
- "If Funding enters into new intercompany loan agreements with new issuing entities, then the new term advances may rank ahead of the current term advances as to payment, and accordingly new notes may rank ahead of the Master Issuer notes as to payment";
- "As new loans are assigned to the mortgages trustee or existing loans are repaid or repurchased from the portfolio, the characteristics of the trust property may change from those existing at the date of this base prospectus, and those changes may adversely affect payments on the Master Issuer notes"; and
- "The seller may change the lending criteria relating to loans that are subsequently assigned to the mortgages trustee, which could affect the characteristics of the trust property and which may adversely affect payments on the Master Issuer notes".

In addition, you should also be aware that the terms of the Funding transaction documents may be amended upon a new issue of notes and that your consent will not be required to such amendments, notwithstanding that these changes may affect the cashflow from the mortgages trust and/or Funding that is available to pay amounts due on the Master Issuer notes.

The security trustee, the Master Issuer security trustee and/or the note trustee may agree to modifications to the transaction documents without your prior written consent, which may adversely affect your interests

Pursuant to the terms of the trust deed and the Master Issuer deed of charge, the note trustee may, without the consent or sanction of the noteholders at any time and from time to time:

- concur with the Master Issuer or any other person; or
- direct the Master Issuer security trustee to concur with the Master Issuer or any other person,

in making modifications (except a basic terms modification) to any of the transaction documents which in the sole opinion of the note trustee it may be proper to make, provided that (a) the note trustee is of the sole opinion that such modification will not be materially prejudicial to the interests of the holders of any class (or sub-class) of any series of Master Issuer notes, or (b) in the sole opinion of the note trustee, such modification is of a formal, minor or technical nature or is necessary to correct a manifest error or an error which is, in the opinion of the note trustee, proven.

In the exercise of any of its powers, trusts, authorities and discretions under the trust deed, the note trustee shall have regard to the interests of the noteholders (subject to the provisions of the next paragraph), but in the event of a conflict of interest it shall have regard to the interests of the holders of the class of Master Issuer notes with the highest rating.

The note trustee will be entitled to assume that the exercise of its discretions will not be materially prejudicial to the interests of the noteholders if each of the rating agencies then rating the Master Issuer rated notes has confirmed in writing that the then current rating by it of such Master Issuer rated notes would not be adversely affected by such exercise.

In addition, the security trustee and the Master Issuer security trustee (as applicable) will give its consent to any modifications to the transaction documents that are requested by Funding or the cash manager, provided that Funding or the cash manager certifies to the security trustee or, as applicable, the Master Issuer security trustee in writing that such modifications are required in order to accommodate, among other things, new intercompany loan agreements, the issue of new notes by new issuing entities, the addition of relevant creditors, the issue (directly or indirectly) of new notes by Funding, the sale of new types of loans to the mortgages trustee, changes to the Funding reserve fund required amount or the Funding liquidity reserve required amount, changes to the asset trigger events and non-asset trigger events, any EMIR amendment (as defined below), any base rate modification (as defined below) and in the event of any benchmark transition event (as defined below).

The note trustee, the security trustee or the Master Issuer security trustee, as applicable, shall, without the consent or sanction of the noteholders, the Funding secured creditors or the other Master Issuer secured creditors, subject to the terms of the trust deed, the Funding deed of charge and the Master Issuer deed of charge, concur with the Master Issuer or Funding in making any modifications to the transaction documents and/or the terms and conditions that are requested in writing by the Master Issuer or Funding, as applicable, or the cash manager, provided that the Master Issuer or Funding, as the case may be, has certified to the note trustee, the security trustee or the Master Issuer security trustee, as applicable, in writing that such modifications are required in order to comply with any requirements which apply to it under European Regulation 648/2012 of 4 July 2012, known as the European Market Infrastructure Regulation (**EU EMIR**) and/or Regulation (EU) No 648/2012 of the European Parliament and Council on OTC derivatives, central counterparties and trade repositories dated 4 July 2012, as it forms part of UK domestic law by virtue of the EUWA(**UK EMIR**) and which accordingly are mandatory under EU EMIR and/or UK EMIR other than in respect of a basic terms modification (any such modification, an **EMIR amendment**), irrespective of whether such modifications are materially prejudicial to the interests of any noteholder or any other secured creditor and provided such modifications do not relate to a basic terms modification. The note trustee, the security trustee and the Master Issuer security trustee shall not be obliged to agree to any modification pursuant to this paragraph which (in the sole opinion of the note trustee, the security trustee or the Master Issuer security trustee, as applicable) would have the effect of (a) exposing the note trustee, the security trustee or the Master Issuer security trustee, as applicable, to any liability against which it has not been indemnified and/or secured and/or pre-funded to its satisfaction; and/or (b) increasing the obligations or duties, or decreasing the protections, of the note trustee, the security trustee or the Master Issuer security trustee in the transaction documents and/or the conditions. The noteholders, the Funding secured creditors and the Master Issuer secured creditors shall be deemed to have instructed the note trustee to concur with such EMIR amendments and shall be bound by them regardless of whether they are materially prejudicial to their interests.

The note trustee, the security trustee or the Master Issuer security trustee, as applicable, shall, without the consent of the noteholders, make amendments to the transaction documents and/or the conditions of the Master Issuer notes issued after the date of this base prospectus to change the base rate of such floating rate notes to an alternative base rate under certain circumstances (broadly related to SONIA or EURIBOR dysfunction or discontinuation of such benchmarks or any other relevant interest rate benchmark) (a **base rate modification**), subject to certain conditions being satisfied (including with respect to the absence of noteholder objection), irrespective of whether such modifications are materially prejudicial to the interests of any noteholder or any other secured creditor. See **Condition 12.5(b) (Modifications and Determinations by Note Trustee)**. The noteholders, the Funding secured creditors and the Master Issuer secured creditors shall be deemed to have instructed the note trustee to concur with such base rate modifications and shall be bound by them regardless of whether they are materially prejudicial to their interests.

Moreover, if the Master Issuer (in its capacity as Designated Transaction Representative) determines that a Benchmark Transition Event has occurred with respect to SOFR, then the note trustee shall be obliged, without the consent or sanction of the noteholders or any confirmation from any rating agencies, to concur with the Designated Transaction Representative, and to direct the Master Issuer security trustee and the security trustee to concur with the Designated Transaction Representative, in making any modification to the conditions or any of the transaction documents that the Designated Transaction Representative decides may be appropriate to give effect to the provisions set forth in condition 12.5(b) (Modifications and determinations by note trustee) under the section titled “**Effect of Benchmark Transition Event on SOFR linked Floating Rate**

Master Issuer notes” in relation only to all determinations of the rate of interest payable on any SOFR linked U.S. dollar denominated floating rate Master Issuer notes and any related swap agreements. The noteholders and the other Master Issuer secured creditors shall be deemed to have instructed the note trustee to (which shall instruct the Master Issuer security trustee to, and to instruct the security trustee to) concur with such amendments and shall be bound by them regardless of whether or not they are materially prejudicial to the interests of the noteholders or the other Master Issuer secured creditors.

The modifications required to give effect to such matters may include, among other matters, amendments to the provisions of the mortgages trust deed and the Funding deed of charge relating to the allocation of and entitlement to monies. There can be no assurance that the effect of such modifications to the transaction documents will not ultimately adversely affect noteholders’ interests.

Holdings may establish new funding entities, which may become additional beneficiaries under the mortgages trust

Holdings may in the future establish new funding entities which may use the proceeds of term advances received from new issuing entities, also established by Holdings in the future, under new intercompany loans to make a payment to the seller or to Funding to acquire an interest in the trust property, subject to the agreement of the seller and Funding, as existing beneficiaries of the mortgages trust. If a new funding entity becomes a beneficiary of the mortgages trust then the percentage shares of Funding and the seller in the trust property may decrease. The introduction of a new funding entity will not cause a reduction in the principal amount of assets backing the Master Issuer notes. The security trustee will only be entitled to consent to any modifications to the transaction documents caused by the introduction of a new funding entity if it is satisfied that such modifications would not adversely affect the then current ratings of the outstanding Master Issuer rated notes.

If new funding entities were to become beneficiaries of the mortgages trust then the seller, Funding and such new funding entities would each have a joint and undivided interest in the trust property but their entitlement to the proceeds from the trust property would be in proportion to their respective shares of the trust property. On each distribution date, the mortgages trustee would distribute interest and principal receipts to the beneficiaries in accordance with the terms of the mortgages trust.

Amendments would be made to a number of the transaction documents as a result of the inclusion of a new funding entity as a beneficiary of the mortgages trust. In particular (but without limitation), amendments would be made to:

- the mortgage sale agreement to enable the purchase by the new funding entity of interests in the trust property by paying the purchase price for new loans and their related security sold by the seller from time to time and to give the new funding entity the benefit of the covenants in the mortgage sale agreement;
- the mortgages trust deed (i) to establish the new funding entity as a beneficiary of the trust, (ii) to enable changes in the new funding entity’s share of the trust property from time to time and (iii) to regulate the distribution of interest and principal receipts in the trust property to the new funding entity and the other beneficiaries;
- the cash management agreement to regulate the application of monies to the new funding entity;
- the servicing agreement, to ensure that the further funding entity receives the benefit of the servicer’s duties under that agreement;
- the master definitions and construction schedule; and
- the Funding deed of charge.

There may be conflicts of interest between Funding and new funding entities, in which case it is expected that the mortgages trustee would follow the directions given by the relevant beneficiary that has the largest share of the trust property at that time. The interests of Funding may not prevail, which may adversely affect your interests.

If Funding enters into new intercompany loan agreements with new issuing entities, then the new term advances may rank ahead of the current term advances as to payment, and accordingly new notes may rank ahead of the Master Issuer notes as to payment

Subject to satisfaction of certain conditions, Holdings may, in the future, establish additional wholly owned subsidiary companies that will issue new notes to investors. The proceeds of such issue of new notes may be advanced by way of a new intercompany loan to Funding and/or any new funding entity. Where such proceeds are advanced to Funding, Funding will use the proceeds of the new intercompany loan to:

- pay the seller for new loans and their related security to be assigned to the mortgages trustee;
- pay the seller for a part of the seller's share of the trust property to be assigned to Funding;
- refinance all or part of the intercompany loan outstanding at that time (and if any intercompany loan (or any part thereof) is refinanced, noteholders could be repaid early); and/or
- deposit funds in one or more of the reserve funds.

The order in which Funding pays principal and interest to the Master Issuer on the term advances made by the Master Issuer and to any new issuing entity on the new term advances made by that new issuing entity will depend primarily on the designated ratings of those term advances. In general, term advances with the highest term advance rating will be paid ahead of lower rated term advances, subject to their relative repayment dates. For example, Funding will pay interest due on the AAA term advances proportionally and equally with the interest due on any new AAA term advances and ahead of payments of interest due on any term advance with a lower term advance rating than AAA (including, for the avoidance of doubt, any AA term advance, any A term advance, any BBB term advance and any NR term advance). Similarly, Funding will, in general, repay principal amounts due on the term advances (including any new term advances) in accordance with their respective term advance ratings, subject to their relative repayment dates. This principle is subject to a number of exceptions, however, which are designed primarily to provide some protection that scheduled repayments of principal on current term advances will not materially affect payments of principal on previous or new term advances and in turn would not be materially affected by payments of principal on previous or new term advances. These exceptions are described in "**Cashflows—Distribution of Funding available principal receipts prior to enforcement of the Funding security or the occurrence of a trigger event or enforcement of the Master Issuer security—Rules for application of Funding available principal receipts and Funding principal receipts**".

The term advance ratings designated to the term advances on the relevant closing date will not change even if the ratings assigned to the corresponding classes of Master Issuer rated notes change.

It is expected that the payment of the amounts owing by Funding under any new intercompany loan will be funded from amounts received by Funding from the trust property. Noteholders should note that the obligation to make such payments may rank equally or in priority with payments made by Funding to the Master Issuer under other intercompany loan agreements or to any new issuing entities under new intercompany loan agreements. The terms of the new notes issued by any new issuing entity and the related new intercompany loan may result in such new notes and their related new intercompany loan being repaid prior to the repayment of the Master Issuer notes issued by the Master Issuer under this base prospectus and the relevant final terms or drawdown prospectus and prior to the repayment of their related intercompany loans.

You will not have any right of prior review or consent with respect to those new intercompany loans or the corresponding issuance by new issuing entities of new notes. Similarly, the terms of the Funding transaction documents (including, but not limited to, the mortgage sale agreement, the mortgages trust deed, the Funding deed of charge, the cash management agreement, the definitions of the trigger events and the criteria for the assignment of new loans to the mortgages trustee) may be amended to reflect such new issuance. Your consent to these changes will not be required. There can be no assurance that these changes will not affect cashflow available to pay amounts due on the Master Issuer notes.

Before issuing new notes, however, a new issuing entity will be required to satisfy a number of conditions, including:

- obtaining a written confirmation from each of the rating agencies that the then current ratings of the Master Issuer rated notes outstanding at that time will not be adversely affected because of the new issue;
- that no event of default under any of the intercompany loan agreements outstanding at that time has occurred which has not been remedied or waived and no event of default will occur as a result of the issue of the new notes; and
- as at the most recent interest payment date, that no principal deficiency (which remains outstanding) is recorded on the principal deficiency ledger in relation to the term advances (other than the NR term advances) outstanding at that time.

There may be conflicts between your interests and the interests of any of the Master Issuer's other secured creditors (including more senior noteholders), and the interest of those Master Issuer secured creditors may prevail over your interests

The Master Issuer deed of charge requires the Master Issuer security trustee to consider the interests of each of the Master Issuer secured creditors in the exercise of all of its powers, trusts, authorities, duties and discretions. In the event of a conflict between the interests of the holders of the Master Issuer notes and the interests of any of the other Master Issuer secured creditors, the Master Issuer security trustee is required to consider only the interests of the holders of the Master Issuer notes, except in the event of a proposed waiver of any breach of the provisions of the Master Issuer transaction documents or a proposed modification to any of the Master Issuer transaction documents. In these circumstances, the Master Issuer security trustee is also required to consider whether the proposed waiver or modification would be materially prejudicial to the interests of a Master Issuer swap provider and, if so, the Master Issuer security trustee is required to get its or their written consent to the proposed waiver or modification.

As such, if there is such a conflict of interests, then the interests of any of the Master Issuer's other secured creditors (including more senior noteholders) may prevail over your interests. Consequently, the note trustee or the Master Issuer security trustee could exercise its powers, trusts, authorities, duties and discretions in a manner which affect your interests in any Master Issuer notes without your consent and there can be no assurance that the effect of any such action will not ultimately adversely affect your interests in such Master Issuer notes.

There may be conflicts between the Master Issuer and any new issuing entities, and the Master Issuer's interests may not prevail, which may adversely affect payments on the Master Issuer notes

The security trustee will exercise its rights under the Funding deed of charge only in accordance with directions given by the issuing entities (which could be the Master Issuer and, if Funding enters into new intercompany loans, any new issuing entity) that have the highest-ranking outstanding term advances at that time, provided that the security trustee is indemnified and/or secured and/or pre-funded to its satisfaction.

If the security trustee receives conflicting directions, it will follow the directions given by the relevant issuing entities representing the largest principal amount outstanding of relevant term advances. If the Master Issuer is not in the group representing that largest principal amount, then its interests may not prevail. This could ultimately cause a reduction in the payments noteholders receive on the Master Issuer notes. For example, if the term advances with the highest designated term advance rating at the time of a direction are the AAA term advances, then, in the event of conflicting directions being given by issuing entities with outstanding AAA term advances, the security trustee will follow the direction given by those issuing entities owed the largest principal amount outstanding of AAA term advances.

There may be conflicts between the interests of the holders of the various classes of Master Issuer notes, and the interests of the holders of other classes of Master Issuer notes may prevail over your interests

The trust deed provides and the terms of the Master Issuer notes will provide that the note trustee and the Master Issuer security trustee are to have regard to the interests of the holders of all the classes of Master Issuer notes as regards all powers, trusts, authorities, duties and discretions of the note trustee under the terms of the Master Issuer notes or any of the transaction documents (except where expressly provided otherwise). There may be circumstances, however, where the interests of one class of the noteholders conflicts

with the interests of another class or classes of the noteholders. The trust deed provides and the terms of the Master Issuer notes will provide that where, in the opinion of the note trustee or the Master Issuer security trustee, there is such a conflict, then:

- the note trustee or the Master Issuer security trustee (as applicable) is to have regard only to the interests of the class A noteholders in the event of a conflict between the interests of the class A noteholders on the one hand and the class B noteholders, the class M noteholders, the class C noteholders and/or the class Z noteholders on the other hand;
- subject to the preceding paragraph, the note trustee or the Master Issuer security trustee (as applicable) is to have regard only to the interests of the class B noteholders in the event of a conflict between the interests of the class B noteholders on the one hand and the class M noteholders, the class C noteholders and/or the class Z noteholders on the other hand;
- subject to the preceding paragraph, the note trustee or the Master Issuer security trustee (as applicable) is to have regard only to the interest of the class M noteholders in the event of a conflict between the interests of the class M noteholders on the one hand and the class C noteholders and/or the class Z noteholders on the other hand; and
- subject to the preceding paragraph, the note trustee or the Master Issuer security trustee (as applicable) is to have regard only to the interest of the class C noteholders in the event of a conflict between the interests of the class C noteholders on the one hand and the class Z noteholders on the other hand.

As such, if there is a conflict between the interests of the holders of the various classes of Master Issuer notes, in exercising its powers, trusts, authorities, duties and discretions under the terms of the Master Issuer notes or any of the transaction documents, the note trustee may have regard to the interests of the holders of other classes of Master Issuer notes over your interests. Consequently, the note trustee could exercise its powers, trusts, authorities, duties and discretions in a manner which affect your interests in any Master Issuer notes without your consent and there can be no assurance that the effect of any such action will not ultimately adversely affect your interests in any Master Issuer notes.

There may be a conflict between the interests of the holders of each series and/or sub-class of Master Issuer notes, and the interests of other series and/or sub-classes of noteholders may prevail over your interests

There may also be circumstances where the interests of the noteholders of one series and/or sub-class of Master Issuer notes conflict with the interests of the noteholders of another series and/or sub-class of Master Issuer notes. The trust deed provides and the terms of the Master Issuer notes will provide that where, in the opinion of the note trustee or the Master Issuer security trustee, there is such a conflict, then a resolution directing the note trustee or, as applicable, the Master Issuer security trustee to take any action must be passed at separate meetings of the holders of each series and/or sub-class (as applicable) of the relevant class of notes. A resolution may only be passed at a single meeting of the noteholders of each series and/or sub-class (as applicable) of the relevant class if the note trustee or, as applicable, the Master Issuer security trustee is satisfied that there is no conflict between them.

Similar provisions will apply in relation to requests in writing from holders of a specified percentage of the principal amount outstanding of the Master Issuer notes of each class (the principal amount outstanding being converted into sterling for the purposes of making the calculation).

As such, if there is a conflict between the interests of the holders of each series and/or sub-class of a class of Master Issuer notes, then the interests of noteholders of other series and/or sub-class of the same class of Master Issuer notes may prevail over your interests in connection with the sanctioning of a resolution. Consequently, the note trustee or the Master Issuer security trustee could exercise its powers, trusts, authorities, duties and discretions in a manner which affect your interests in any Master Issuer notes without your consent and there can be no assurance that the effect of any such action will not ultimately adversely affect your interests in any Master Issuer notes.

Fixed charges subsequently re-characterised as floating charges may adversely affect payments on the Master Issuer notes

Fixed charges over bank accounts may take effect under English law as floating charges. Under the terms of the Master Issuer deed of charge and the Funding deed of charge respectively, the Master Issuer and Funding purport to grant, among other things, fixed charges in favour of the Master Issuer security trustee and, in the case of Funding, the security trustee over, in the case of the Master Issuer, the Master Issuer's interest in the transaction account and, in the case of Funding, Funding's interest in the Funding transaction account.

The law in England and Wales relating to the re-characterisation of fixed charges is unsettled. The fixed charges purported to be granted by the Master Issuer and Funding (other than by way of assignment in security) may take effect under English law only as floating charges if it is determined that the Master Issuer security trustee or, in the case of Funding, the security trustee, does not exert sufficient control over the relevant account, or the proceeds thereof, for the security to be said to constitute fixed charges (although it should be noted that there is no equivalent concept of re-characterisation of fixed security as floating charges under Scots law).

As the Master Issuer and Funding are signatories to the accounts, there is a risk that a court will consider that the Master Issuer security trustee does not exert a sufficient degree of control to ensure that the charges over those accounts are held to be fixed charges. If the charges take effect as floating charges instead of fixed charges, then, as a matter of law, certain claims would have priority over the claims of the Master Issuer security trustee in respect of the floating charge assets. Section 176A of the Insolvency Act requires a "prescribed part" of the floating charge realisations available for distribution to be set aside to satisfy the claims of unsecured creditors. The expenses of any winding-up or administration, and the claims of any preferential creditors, would also rank ahead of the claims of the Master Issuer security trustee in this regard. Although the Enterprise Act 2002 abolished the preferential status of certain Crown debts (including the claims of the UK tax authorities), the Finance Act 2020 has reintroduced the principle that certain amounts owed to the UK tax authorities are secondary preferential debts and rank ahead of the recoveries to floating charge-holders. These measures apply to taxes effectively collected by a debtor on behalf of the tax authorities and will include amounts in respect of VAT, PAYE, employee national insurance contributions and construction industry scheme deductions. See further "**Enterprise Act 2002**" below.

In addition, if assets in respect of which the Master Issuer or Funding has granted a fixed charge are paid into a bank account the charge over which is subsequently re-characterised as a floating charge, the original fixed charge in relation to the assets may also be re-characterised as a floating charge.

COUNTERPARTY RISKS

If certain parties to the transaction documents cease to satisfy various criteria then the rights and obligations of such party pursuant to the relevant transaction document may have to be transferred to a replacement entity under terms that may not be as favourable as those currently offered under the relevant transaction document

Those parties to the transaction documents who receive and hold monies pursuant to the terms of such documents are required to satisfy certain criteria in order that they can continue to receive and hold monies.

These criteria include requirements as to such parties being authorised and regulated under the Financial Services and Markets Act 2000 (**FSMA**), their on-going compliance with rules and guidance under the FSMA as well as requirements in relation to the ratings ascribed to each such party by S&P, Fitch and Moody's. The table beginning at page 68 sets out more particularly such rating requirements. If the party concerned ceases to satisfy the applicable criteria, including the rating criteria detailed in the table beginning at page 68, then the rights and obligations of that party (including the right and/or obligation to receive monies) may need to be transferred to another entity which does satisfy the applicable criteria. In these circumstances, the terms agreed with the replacement entity may not be as favourable as those provided by the original party pursuant to the relevant transaction document.

In addition, you should also be aware that, should the applicable criteria cease to be satisfied as detailed above, the parties to the relevant transaction document may agree to amend or waive certain of the terms of such documents and the applicable criteria in order to avoid the need for a replacement entity to be appointed. Your consent may not be required in relation to such amendments and/or waivers.

The rating of the sovereign affects the ratings of the entities operating in its territory, and in particular the ratings of financial institutions. Any such downgrades may cause downgrades to counterparties on the programme meaning that they cease to have the relevant required ratings to fulfil their roles and need to be replaced. If rating action is widespread, it may become difficult or impossible to replace counterparties on the programme with others who have the required ratings on similar terms or at all.

The Master Issuer relies on third parties in order to meet its obligations, and you may be adversely affected if they fail to perform their obligations

The Master Issuer is, and will be, a party to contracts with a number of third parties that have agreed or will agree to perform services in relation to the Master Issuer notes. For example, the Master Issuer swap providers have agreed or will agree to provide their respective swaps, the corporate services provider has agreed to provide corporate services and the paying agents and the agent bank have agreed to provide payment and calculation services in connection with the Master Issuer notes. In the event that any of these parties were to fail to perform their obligations under the respective agreements (including any failure arising from circumstances beyond their control such as a global pandemic) to which they are a party, then the Master Issuer may be unable to perform its obligations under the Master Issuer notes, including its obligations to make timely payments on your Master Issuer notes.

If the servicer is removed, there is no guarantee that a substitute servicer would be found, which could delay collection of payments on the loans and ultimately could adversely affect payments on the Master Issuer notes

The seller has been appointed by the mortgages trustee and the beneficiaries as servicer to service the loans. If the servicer breaches the terms of the servicing agreement, then the mortgages trustee and the beneficiaries will be entitled to terminate the appointment of the servicer and appoint a new servicer in its place.

There can be no assurance that a substitute servicer would be found who would be willing and able to service the loans on the terms of the servicing agreement. In addition, any substitute servicer would be required to be authorised under the FSMA as mortgage administration is a regulated activity. The ability of a substitute servicer fully to 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 Master Issuer's ability to make payments when due on the Master Issuer notes.

You should note that the servicer has no obligation itself to advance payments that borrowers fail to make in a timely fashion.

Neither the security trustee nor the note trustee is obliged in any circumstances to act as a servicer or to monitor the performance by the servicer of its obligations.

Termination payments on the swaps may adversely affect the funds available to make payments on the Master Issuer notes

If any of the swaps terminates, the Master Issuer may as a result be obliged to pay a termination payment to the relevant Master Issuer swap provider. The amount of the termination payment will be based on the cost of entering into a replacement swap. Under the master intercompany loan agreement, Funding will be required to pay the Master Issuer an amount equal to any termination payment due from the Master Issuer to the relevant Master Issuer swap provider. Funding will also be obliged to pay the Master Issuer any extra amounts which it may be required to pay to enter into a replacement swap.

No assurance can be given that Funding will have the funds available to make such payments or that the Master Issuer will have sufficient funds available to make any termination payment under any of its swaps or to make subsequent payments to you in respect of the relevant series and class (or sub-class) of Master Issuer notes. Nor can any assurance be given that the Master Issuer will be able to enter into a replacement swap or, if one is entered into, that the credit rating of the replacement Master Issuer swap provider will be sufficiently high to prevent a downgrading of the then current ratings of the Master Issuer rated notes by the rating agencies.

Except where the relevant Master Issuer swap provider has caused the relevant swap to terminate by its own default or following a downgrade termination event, any termination payment due from the Master Issuer will rank equally not only with payments due to the holders of the series and class (or sub-class) of Master Issuer notes to which the relevant swap relates but also with payments due to the holders of any other series and class (or sub-class) of Master Issuer notes which rank equally with the series and class (or sub-class) of Master Issuer notes to which the relevant swap relates. Any additional amounts required to be paid by the Master Issuer following termination of the relevant swap (including any extra costs incurred (for example, from entering into spot currency or interest rate swaps) if the Master Issuer cannot immediately enter into a replacement swap) will also rank equally not only with payments due to the holders of the series and class (or sub-class) of Master Issuer notes to which the relevant swap relates but also with payments due to the holder of any other series and class (or sub-class) of Master Issuer notes which rank equally with the series and class (or sub-class) of Master Issuer notes to which the relevant swap relates. Furthermore, any termination payment or additional payment or additional amounts required to be paid by the Master Issuer following termination of a swap will rank ahead of payments due to the holders of any series and class (or sub-class) of Master Issuer notes which ranks below the series and class (or sub-class) of Master Issuer notes to which the relevant swap relates. Therefore, if the Master Issuer is obliged to make a termination payment to the relevant Master Issuer swap provider or to pay any other additional amount as a result of the termination of the relevant swap, this may affect the funds which the Master Issuer has available to make payments on the Master Issuer notes of any class and any series.

You may be subject to risks relating to exchange rates or interest rates on the Master Issuer notes or risks relating to reliance on a 2a-7 swap provider

Repayments of principal and payments of interest on a series and class (or sub-class) of Master Issuer notes may be made in a currency other than sterling but the loan made by the Master Issuer to Funding and repayments of principal and payments of interest by Funding to the Master Issuer under the master intercompany loan agreement will be in sterling. In addition, interest due and payable by Funding to the Master Issuer on any term advance under the master intercompany loan agreement will be calculated by reference to SONIA (unless specified otherwise in the relevant final terms or drawdown prospectus) but interest due and payable on a series and class (or sub-class) of Master Issuer notes may be calculated by reference to a fixed or floating rate (as set out in the relevant final terms or drawdown prospectus).

To hedge the Master Issuer's currency exchange rate exposure and/or interest rate exposure in such cases, on the relevant closing date for a series and class (or sub-class) of Master Issuer notes, the Master Issuer will, where applicable, enter into appropriate currency and/or interest rate swap transactions for such Master Issuer notes with a Master Issuer swap provider as specified in the relevant final terms or drawdown prospectus. See "**The swap agreements**".

Each Master Issuer swap provider is obliged to make payments under a swap only for so long as and to the extent that the Master Issuer makes timely payments under it. If such Master Issuer swap provider is not obliged to make payments of, or if it defaults in its obligations to make payments of, amounts equal to the full amount scheduled to be paid to the Master Issuer on the dates for payment specified under the relevant swap or such swap is otherwise terminated, the Master Issuer will be exposed to changes in the exchange rates between sterling and the currency in which such Master Issuer notes are denominated and in the relevant interest rates. Unless a replacement swap transaction is entered into, the Master Issuer may have insufficient funds to make payments due on the corresponding series and class (or sub-class) of Master Issuer notes.

If a 2a-7 swap provider swap arrangement is specified as applying to a certain series and class (or sub-class) of Master Issuer notes in the relevant final terms or drawdown prospectus, the 2a-7 swap provider will be required to make a principal payment under the relevant Master Issuer swap agreement to the Master Issuer to enable the Master Issuer to redeem a class of Master Issuer notes in full on their bullet repayment date (unless an asset trigger event has occurred prior to that date) notwithstanding that the 2a-7 swap provider has not received the corresponding principal payment required to be made by the Master Issuer under the relevant Master Issuer swap agreement. A failure by the Master Issuer to make the full principal repayment on the bullet repayment date of the term advance corresponding to the relevant class (or sub-class) of Master Issuer notes for which the relevant Master Issuer swap was entered into will not constitute an event of default or a termination event under that swap. In such circumstances, noteholders in respect of such Master Issuer notes will be dependent on the performance of the 2a-7 swap provider and no assurance can be given that the Master Issuer will have sufficient funds to make payments due on the corresponding series and class (or sub-class) of Master Issuer notes.

ORIGINATOR RISKS

General impact of regulatory changes on Santander UK in its various roles under the programme

As noted above, Santander UK performs various roles in the programme, including as seller of loans to the mortgages trust, servicer of such loans, cash manager to Funding and the mortgages trustee, cash manager to the Master Issuer, the sterling account bank and the non-sterling account bank, the mortgages trustee account bank, account bank B in respect of the Funding GIC account, the Funding swap provider and a Master Issuer swap provider.

As a financial services group, Santander UK, together with its subsidiaries (the **Santander UK Group**), is subject to extensive financial services laws, regulations, administrative actions and policies in the UK and in each other location in which the Santander UK Group operates. As well as being subject to UK regulation, as part of the Banco Santander group, the Santander UK Group is also affected by other regulators such as the Banco de España (the **Bank of Spain**) and the European Central Bank (**ECB**) as well as various legal and regulatory regimes (including the United States of America (the **U.S.**)) that have extra-territorial effect.

The sector continues to face unprecedented levels of government and regulatory intervention and scrutiny, and changes to the regulations governing financial institutions and the conduct of business. In addition, regulatory and governmental authorities have continued to consider further enhanced or new legal or regulatory requirements intended to reduce the probability and impact of future crises (or otherwise assure the stability and operational resilience of institutions under their supervision), enhance consumer protection, address climate change risks, the risk of greenwashing and environmental, social and governance risks generally, and improve controls in relation to financial crime-related risks. For example, the Santander UK Group is now a participant lender in the UK government's Mortgage Charter initiative, which was launched in June 2023 by HM Treasury in light of the pressures on households following interest rate rises and the cost of living crisis pursuant to which the Santander UK Group has agreed to take additional steps to support residential mortgage borrowers experiencing financial difficulties. The Santander UK Group expects regulatory and governmental intervention in the banking sector to remain high for the foreseeable future. An intensive approach to supervision is maintained in the UK by the BoE as resolution authority, the PRA, the FCA, the Competition and Markets Authority ("**CMA**"), the Payment Systems Regulator ("**PSR**"), the Information Commissioner's Office ("**ICO**"), the Serious Fraud Office ("**SFO**") and the Lending Standards Board ("**LSB**").

As well as being subject to UK regulation, as part of the Banco Santander group, the Santander UK Group is also affected by other regulators such as the Banco de España (the Bank of Spain) and the European Central Bank ("**ECB**"), as well as various legal and regulatory regimes (including the U.S.) that have extraterritorial effect. Extensive legislation and implementing regulations affecting the financial services industry have recently been adopted in regions that directly or indirectly affect the Santander UK Group's business, including Spain, the U.S., the EU and other jurisdictions. Because the Santander UK Group is subject to oversight by multiple regulators or government bodies related to the same conduct or activity, this can increase business uncertainty and the amount of resources needed to ensure the Santander UK Group's compliance with the different legal and regulatory regimes.

The manner in which financial services laws, regulations and policies are applied to the operations of financial institutions has gone through great change which is still being implemented and reviewed. Recent proposals and measures taken by governmental, tax and regulatory authorities and further future changes in supervision and regulation (in particular in the UK), are beyond the Santander UK Group's control and could materially affect the Santander UK Group's business.

Changes in UK legislation and regulation applicable to the financial sector may also affect the Santander UK Group's competitive position, particularly if such changes are implemented before international consensus is reached on key issues affecting the industry. For example, in December 2022, the Chancellor of the Exchequer announced a package of financial services regulatory reforms – known as the Edinburgh Reforms – designed to strengthen the international competitiveness of the UK's financial services sector and drive economic growth. Furthermore, as set out above (see the risk factor entitled "Exposure to UK political developments and disruptions in the global economy and global financial markets"), Financial Services and Markets Act 2023 ("**FSMA 2023**") enables HM Treasury to revoke retained EU legislation and empowers the PRA and the FCA to replace it with their own rules. Further, in July 2023 HM Treasury began to set out its programme of secondary legislation to replace repealed retained EU law as part of its intention to deliver a

"Smarter Regulatory Framework" for financial services tailored to the UK. There is a risk that this initiative results in UK financial services regulation materially diverging from EU regulation, and accordingly that the strategy of the Santander UK Group and the group in relation to products/initiatives that have a cross-border element could be materially impacted.

To the extent these laws, regulations and policies apply to it, the Santander UK Group may face higher compliance costs and the need to carefully manage capacity to readily respond to multiple regulatory or government policy changes simultaneously. Any legislative or regulatory actions and any required changes to the Santander UK Group's business operations resulting from such laws, regulations and policies as well as any deficiencies in Santander UK Group's compliance with such laws, regulations and policies, could result in significant loss of revenue, could have an impact on the Santander UK Group's strategy, limit its ability to pursue business opportunities in which the Santander UK Group might otherwise consider engaging, limit the Santander UK Group's ability to provide certain products and services and/or result in enforcement action (including the imposition of financial and other penalties). They may also affect the value of assets that the Santander UK Group holds, requiring the Santander UK Group to increase its prices thereby reducing demand for the Santander UK Group's products or otherwise have a material adverse effect on its operations, financial condition and prospects. Accordingly, there can be no assurance that future changes in laws, regulations and policies or in their interpretation or application by the Santander UK Group or by regulatory authorities will not adversely affect the Santander UK Group.

Specific examples of areas where regulatory changes and increased regulatory scrutiny could have a material adverse effect on the Santander UK Group's operations, financial condition and prospects include, but are not limited to, the following:

Banking Reform

In accordance with the provisions of the Financial Services (Banking Reform) Act 2013 (the **Banking Reform Act**), UK banking groups that hold significant retail deposits (more than £25 billion of "core deposits"), including the Santander UK Group, were required to separate or "ring-fence" their retail banking activities from their wholesale banking activities by 1 January 2019.

The Santander UK Group completed its ring-fencing plans in advance of the legislative deadline of 1 January 2019. However, given the complexity of the ring-fencing regulatory regime and the material impact on the way the Santander UK Group conducts its business operations in the UK, there is a risk that the Santander UK Group and/or Santander UK may be found to be in breach of one or more ring-fencing requirements. This might occur, for example, if prohibited business activities are found to be taking place within the ring-fence, mandated retail banking activities are found being carried on in a UK entity outside the ring-fenced part of the Santander UK Group or the Santander UK Group breached a PRA ring-fencing rule.

If the Santander UK Group were found to be in breach of any of the ring-fencing requirements placed upon it under the ring-fencing regime, it could be subject to supervisory or enforcement action by the PRA, the consequences of which might include substantial financial penalties, imposition of a suspension or restriction on the Santander UK Group's UK activities or, in the most serious of cases, the forced restructuring of the UK group, entitling the PRA (subject to the consent of the UK government) to require the sale of a Santander ring-fenced bank or other parts of the Santander UK Group. Following the publication of the final report of the Independent Panel on Ring-Fencing and Proprietary Trading on 15 March 2022, HM Treasury announced its intention to implement certain limited reforms to the ring-fencing regime including increasing the ring-fencing core deposit threshold from £25 billion to £35 billion, introducing a de-minimis threshold to allow ring-fenced banks to incur an exposure to relevant financial institutions ("**RFIs**") of up to £100,000 per RFI at any one time, and allowing ring-fenced banks to establish operations outside of the UK or the European Economic Area, have exposure to RFIs that qualify as small and medium sized enterprises ("**SMEs**") and undertake a wider range of activities such as market standard trade finance activities or inflation swaps. In September 2023, HM Treasury published a consultation on the reforms, as well as draft secondary legislation which the government intends to lay before Parliament in early 2024. These proposed reforms of the ring-fencing regime may lead to further review or amendment of the Santander UK Group's operational and compliance arrangements in relation to the regime.

Santander UK as seller and servicer is also required to hold and holds authorisation and permission to enter into and to administer and, where applicable, to advise in respect of regulated mortgage contracts (See "**Material Information Relating to the Regulation of Mortgages in the UK**"). Failure by the seller or the servicer to hold the relevant authorisations and permissions under the FSMA in relation to regulated

mortgage contracts and regulated consumer credit agreements may have an adverse effect on enforcement of mortgage contracts.

Consumer Duty

The FCA's rules and guidance on a broad consumer duty that firms undertaking regulated activities with retail clients must observe have been in force for open products and services since 31 July 2023 (the **Consumer Duty**). The Consumer Duty has three elements: (i) a consumer principle, which reflects the overall standards of behaviour the FCA expects from firms (a firm must act to deliver good outcomes for retail customers) (the **Consumer Principle**), (ii) three cross-cutting rules that articulate the standards of conduct expected under the Consumer Principle (firms must act in good faith towards retail customers, avoid causing foreseeable harm to retail customers and enable and support retail customers to pursue their financial objectives), and (iii) four outcomes that build on the Consumer Principle and cross-cutting rules, comprising a suite of rules and guidance setting more detailed expectations for a firm's conduct in four areas that represent the key elements of the firm-consumer relationship (product design and governance, price and value, consumer understanding and consumer support). The expectations of the Consumer Duty require firms to end unfair charges and fees, make it as easy to switch or cancel products as it was to take them out in the first place, provide helpful and accessible customer support, act quickly to respond to customer queries, provide timely, clear and easily understandable information to customers regarding products and services, provide products and services appropriate for their customers, and focus on the real and diverse needs of their customers, including those in vulnerable circumstances, at every stage and in each interaction. The Consumer Duty also requires firms to monitor, evidence and report against many of the requirements. The Santander UK Group has completed the first phase of the implementation of the Consumer Duty which required a review of, and changes to, the Santander UK Group's products, services, policies, systems and procedures against the FCA requirements. The second phase of the implementation of the Consumer Duty is due by 31 July 2024 being the date on which the Consumer Duty applies to closed products and services, and accordingly focuses on such products and services. The Consumer Duty affects elements of the Santander UK Group's business model and strategy, the products and services it offers and the pricing or costs of those products and services, which may in turn affect the revenue and profits that the Santander UK Group is able to generate. It may result in an increase in civil litigation or claims to the Financial Ombudsman Service ("**FOS**") by customers alleging a breach of the standards of the Consumer Duty or in regulatory action by the FCA. (See "**Material Information Relating to the Regulation of Mortgages in the UK**" for further information).

Climate change/ ESG

Finally, in respect of climate change, failure to adequately embed risks associated with climate change into its risk framework to appropriately measure, manage and disclose the various financial and operational risks it faces as a result of climate change, or failure to adapt the Santander UK Group's strategy and business model to the changing regulatory requirements and market expectations on a timely basis may have a material and adverse impact on the Santander UK Group's level of business growth, competitiveness, profitability, capital requirements, cost of funding, and financial condition (See also "**Material Information relating to the regulation of mortgages in the UK**" – "**Sustainability developments**" below).

Achieving the Santander UK Group's climate-related ambitions and targets will also depend on a number of factors outside its control, including (among other things) availability of data to measure and assess the climate impact on the Santander UK Group's customers, advancements of low-carbon transition technologies and public policies to support the energy transition in the markets where the Santander UK Group operates. If these external factors and other changes do not occur, or do not occur on a timely basis, the Santander UK Group may fail to achieve its climate-related ambitions and targets and this could have a material adverse effect on the Santander UK Group's business growth, competitiveness, profitability, financial condition and reputation. In particular, the last year has seen an increase in upcoming climate-related disclosure requirements that the Santander UK Group and Banco Santander S.A. (as the ultimate parent of the Santander UK Group) will need to comply with (for example, the IFRS Sustainability Disclosure Standards as developed by the International Sustainability Standards Board ("**ISSB**"), the European Banking Authority's ("**EBA**") Environmental, Social, and Governance ("**ESG**"), the Pillar 3 disclosures rules and the EU Corporate Sustainability Reporting Directive ("**CSRD**"). In addition, on 6 March 2024, the SEC adopted final rules regarding the enhancement and standardisation of mandatory climate-related disclosures for investors, which will apply to the Group beginning with its annual report for the year ended 31 December 2027, provided that the rules, which are subject to several legal challenges in U.S. courts, become effective as adopted.

Any regulatory changes or developments may have a material adverse effect on Santander UK's operations, financial condition and prospects, which could, in turn, have a material adverse effect on its ability to perform its various roles under the programme and in particular as seller of loans to the mortgages trust and servicer of such loans. This may adversely affect the Master Issuer's ability to perform its obligations in respect of the Master Issuer notes. For example, Santander UK, as seller of loans to the mortgages trust, is obliged under certain circumstances to repurchase loans from the mortgages trustee. Should Santander UK be unable to repurchase loans when required, this could have a material adverse effect on the portfolio which could, in turn, effect the Master Issuer's ability to make payments in full when due on the Master Issuer notes.

Competition in the UK mortgage loan industry could increase the risk of an early redemption of the Master Issuer notes

The mortgage loan industry in the UK is highly competitive. Both traditional and new lenders use heavy advertising, targeted marketing, aggressive pricing competition and loyalty schemes in an effort to expand their presence in or to facilitate their entry into the market and compete for customers. Also the FCA has the statutory operational objective, amongst others, of promoting effective competition in the interests of consumers in the markets for regulated financial services. In addition, a mechanism has been established under the Financial Services Act 2012 by which the FCA can be alerted to competition issues, or matters adversely affecting the interests of consumers, and then be held accountable for its response. This is known as the super-complaints regime and allows designated consumer bodies to make a reference where a feature of a market appears to be significantly harming the interests of consumers. In addition, under the Banking Reform Act, as of 1 April 2015, the FCA has the power to enforce against breaches of the Competition Act 1998 and to refer markets to the CMA for in-depth investigation in the areas of financial services in the UK. As of 1 April 2015, the PSR also has an objective and powers equivalent to those of the FCA to promote competition in the payments industry.

A strong political and regulatory will to foster consumer choice in retail financial services could lead to even greater competition in the UK mortgage loan market.

This competitive environment may affect the rate at which the seller originates new loans and may also affect the level of loss of the seller's existing borrowers as customers. If the rate at which new loans are originated declines significantly or if existing borrowers refinance their loans with lenders other than the seller, then the risk of a non-asset trigger event occurring increases, which could result in an early redemption of the Master Issuer notes.

The Santander UK Group's business is subject to risks related to cybersecurity

The Santander UK Group's systems, software and networks may be vulnerable to unauthorised access, misuse, computer viruses or other malicious code and other events that could have a security impact. The interception, misuse or mishandling of personal, confidential or proprietary information sent to or received from a client, vendor, service provider, counterparty or third party could result in legal liability, regulatory action and reputational harm, and therefore have a material adverse impact on the Santander UK Group's operations, financial condition and prospects.

In particular, in recent years the computer systems of companies and organisations have been targeted by cyber criminals, activists and nation-state-sponsored groups. Like other financial institutions, the Santander UK Group manages and holds confidential personal information of customers in the conduct of its banking operations, as well as a large number of assets. Consequently, the Santander UK Group has been, and continues to be, subject to a range of cybersecurity threats, such as ransomware, malware via the supply chain, phishing and denial of service.

Cybersecurity incidents could result in the loss of significant amounts of customer data and other sensitive information, as well as significant levels of liquid assets (including cash). In addition, cybersecurity incidents could give rise to the disablement of the Santander UK Group's digital systems used to service its customers. Any material disruption or degradation of the Santander UK Group's systems could cause information, including data related to customer requests, to be lost or to be delivered to the Santander UK Group's clients with delays or errors, which could reduce demand for the Santander UK Group's services and products. As attempted attacks continue to evolve in both scope and sophistication, the Santander UK Group may incur significant costs to modify or enhance its protective measures against such attacks, or to investigate

or remediate any vulnerability or resulting breach, or in communicating any cybersecurity incidents to its customers. If the Santander UK Group fails to effectively manage its cybersecurity risk, by for example, failing to adhere to its cybersecurity policies, procedures or controls, the impact could be significant and may include harm to the Santander UK Group's reputation and make the Santander UK Group liable for the payment of customer compensation, regulatory penalties and fines. Factors such as failing to apply critical security patches from its technology providers, to manage out obsolete technology or to update the Santander UK Group's processes in response to new threats could also give rise to these consequences, which, if they occur, could have a material adverse effect on the Santander UK Group's operations, financial condition and prospects. This might also include significant increases in the premiums paid on cyber insurance policies or changes to policy limits and cover.

In addition, the Santander UK Group may also be affected by cybersecurity incidents against national critical infrastructures in the UK or elsewhere, for example, the telecommunications network or cloud computing service providers used by the Santander UK Group. In common with other financial institutions the Santander UK Group is dependent on such networks to provide digital banking services to its customers, connect its systems to suppliers and counterparties, and allow its staff to work remotely. Any cybersecurity incidents against these networks could negatively affect its ability to service its customers. As the Santander UK Group does not operate these networks it has limited ability to protect the Santander UK Group's business from the adverse effects of cybersecurity incidents against them or against its counterparties and key national and financial market infrastructure. Further, the domestic and global financial services industry, including key financial market infrastructure, may be the target of cybersecurity disruption and attack by cyber criminals, activists or geo-political activists looking to cause economic instability.

In addition, the risk of cyberattacks on companies and institutions could increase as a result of geopolitical turmoil. For example, Santander UK has faced a heightened risk of cyberattacks as a result of Russia's military action against Ukraine, and the Israel-Hamas armed conflict and/or other future regional conflicts and wars that have a global impact serve to further heighten such risk. Such attacks could adversely affect the Santander UK Group's ability to maintain or enhance its cybersecurity and data protection measures. While the Santander UK Group continue to see increasing ransomware attacks across sectors driven by supply chain tool compromises, and expect this trend to continue, it has not experienced any notable information or cybersecurity incidents as a result of these regional wars. Whilst the Santander UK Group continues to actively monitor the situations in Ukraine, the Middle East and globally and assess their potential impacts on its business, if such a disruption, cybersecurity incident or attack were to occur it could have a material adverse effect on the Santander UK Group's operations, financial condition and prospects, which could, in turn, have a material adverse effect on its ability to perform its various roles under the programme (and in particular as servicer of such loans). Any delay or inability of Santander UK in performing any of its roles under the transaction (including, but not limited to, its obligations as servicer and/or cash manager) as a result of the matters described above may affect payments on the loans and therefore the Master Issuer's ability to make payments when due on the Master Issuer notes.

The Santander UK Group is exposed to risk from potential non-compliance with regulations, policies, employee misconduct, human error, negligence and deliberate acts of harm or dishonesty, including fraud

The Santander UK Group is exposed to risk from potential non-compliance with policies, employee misconduct, human error, negligence and deliberate acts of harm or dishonesty, including fraud. It is not always possible to deter or prevent employee misconduct or non-compliance with policies and such errors, acts, omissions and failures and the precautions the Santander UK Group takes to detect and prevent this activity may not always be effective. Any instances could result in regulatory sanctions and cause reputational or financial harm, and therefore have a material adverse effect on the Santander UK Group's operations, financial condition and prospects, which could, in turn, have a material adverse effect on its ability to perform its various roles under the programme (and in particular as servicer of such loans). Any delay or inability of Santander UK in performing any of its roles under the transaction (including, but not limited to, its obligations as servicer and/or cash manager) as a result of the matters described above may affect payments on the loans and therefore the Master Issuer's ability to make payments when due on the Master Issuer notes.

Any failure to effectively manage changes in the Santander UK Group's information technology infrastructure and management information systems in a timely manner could have a material adverse effect on Santander UK's ability to perform its obligations as seller, servicer or cash manager

The Santander UK Group's businesses and its ability to remain competitive depends to a significant extent upon the functionality of its information technology systems and on its ability to upgrade, evolve and expand the capacity of its information technology infrastructure on a timely and cost-effective basis. The proper functioning of the Santander UK Group's financial control, risk management, credit analysis and reporting, accounting, customer service, financial crime, conduct and compliance and other information technology systems, as well as the communication networks between branches and main data processing centres, are critical to its customers, businesses and its ability to compete. Investments and improvements in the Santander UK Group's information technology infrastructure are regularly reviewed with a view to retain competitive advantage and to ensure that resilience remains within acceptable levels. Conversely, any failure to effectively improve, evolve, expand or upgrade its information technology infrastructure and management information systems in a timely manner could have a material adverse effect on the Santander UK Group's operations, financial condition and prospects, and could cause reputational damage to the Santander UK Group.

From time to time the Santander UK Group is required to migrate information relating to its customers to new information technology systems. Any failure to manage such migration effectively and efficiently could have a negative impact on the Santander UK Group's ability to provide services to its customers and could cause financial and reputational damage to the Santander UK Group, along with regulatory scrutiny and potential enforcement action.

The Santander UK Group expects changes to its programmes of systems to have an impact on its risk profile, from a technology, environmental, social and corporate governance and regulatory perspective. Whether it is the opportunities from adoption of cloud technology, systems to support important regulatory initiatives, or the desire to identify, prioritise and remove obsolete systems from operations, the operational risk associated with changes to programmes of systems is likely to increase and this will therefore remain an area of key focus in the Santander UK Group's risk management. While internal controls aim to reduce the risk to acceptable levels, there can be no assurance that the Santander UK Group will not suffer material losses from such operational risks in the future, which could have a material adverse effect on the Santander UK Group's operations, financial condition and prospects, which could, in turn, have a material adverse effect on its ability to perform its various roles under the programme and in particular as seller of loans to the mortgages trust and servicer of such loans. This may adversely affect the Master Issuer's ability to perform its obligations in respect of the Master Issuer notes. For example, Santander UK, as seller of loans to the mortgages trust, is obliged under certain circumstances to repurchase loans from the mortgages trustee. Should Santander UK be unable to repurchase loans when required, this could have a material adverse effect on the portfolio which could, in turn, effect the Master Issuer's ability to make payments in full when due on the Master Issuer notes.

Access to Cash

FSMA 2023 grants the BoE supervisory powers to regulate the UK wholesale cash distribution market, including powers to impose fines and empowers HM Treasury to designate firms to be subject to FCA oversight for the purpose of ensuring the reasonable provision of cash access (including free cash access). The Santander UK Group expects itself to be a designated firm for these purposes. The FCA intends to make rules to ensure the reasonable provision of cash withdrawal and deposit facilities and in its consultation paper (CP23/29) outlined how it intends to use its powers, for example, by limiting the availability of designated firms to close cash facilities, including bank branches, until any additional cash services identified as needed are available. The new access to cash regime is likely to have implications for the Santander UK Group's business decisions and strategy, in particular in relation to its branch network and its participation in the wholesale cash distribution market generally. The new access to cash regime is expected to be finalised in 2024. In the event that the BoE imposes any fines with respect to the Santander UK Group's participation in the wholesale cash distribution market or the FCA imposes requirements on the Santander UK Group in relation to retail cash access, this could result in reputational damage and have a material adverse effect on the Santander UK Group's operations, financial condition and prospects, which could, in turn, have a material adverse effect on its ability to perform its various roles under the programme (and in particular as servicer of such loans). Any delay or inability of Santander UK in performing any of its roles under the transaction (including, but not limited to, its obligations as servicer and/or cash manager) as a result of the matters described above may affect payments on the loans and therefore the Master Issuer's ability to make payments when due on the Master Issuer notes.

Financial Crime

The UK financial crime legislative framework has been updated significantly in recent years and is subject to regular change. The Economic Crime (Transparency and Enforcement) Act 2022 ("**ECTEA**") significantly streamlined the process of making sanctions and empowered the Office of Financial Sanctions Implementation ("**OFSI**") to enforce sanctions on a strict liability basis. ECTEA also introduced a Register of Overseas Entities at Companies House with the aim of providing greater transparency in the UK property market by requiring overseas entities to register with Companies House. ECTEA was followed by the Economic Crime and Corporate Transparency Act 2023 ("**ECCTA**"). ECCTA includes reforms to Companies House over a multi-year period, a reform of the identification doctrine (broadening the scope of corporate criminal liability by making corporates criminally liable for the conduct of senior managers acting within the scope of their authority), the introduction of a new offence of failure to prevent fraud and the expansion creation of inter-bank information sharing for the purposes of detecting and preventing economic crime. Many of these provisions are due to come into force in 2024. 2024 may also see a number of other financial services legal and regulatory changes. These include changes to the treatment of domestic politically exposed persons, as set out in FSMA 2023, new proposals for a 'Suspended Accounts Scheme' as set out in the Criminal Justice Bill 2023-24, possible changes to account closure rules, mandatory APP scam reimbursement rules and potential changes to the Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017. The UK government is also expected to continue to take forward a series of non-legislative reforms that will impact the financial crime landscape, as committed to in keynote strategic publications, such as the Economic Crime Plan 2 and Fraud Strategy. The expansion of criminal liability under these reforms brings with it financial risk in the form of penalties and reputational risk, while continued compliance with the changing UK financial crime framework may expose the Santander UK Group to increased operational and compliance costs, each of which would in turn have a material adverse effect on the Santander UK Group's operations, financial condition and prospects, which could, in turn, have a material adverse effect on its ability to perform its various roles under the programme (and in particular as servicer of such loans). Any delay or inability of Santander UK in performing any of its roles under the transaction (including, but not limited to, its obligations as servicer and/or cash manager) as a result of the matters described above may affect payments on the loans and therefore the Master Issuer's ability to make payments when due on the Master Issuer notes.

MACRO-ECONOMIC AND MARKET RISKS

Lack of liquidity in the secondary market may adversely affect the market value of your notes

The secondary market for mortgage-backed securities has over the past decade experienced disruptions as a result of reduced investor demand for mortgage loans and mortgage-backed securities and increased investor yield requirements for those loans and securities. This has had a material adverse impact on the market value of mortgage-backed securities and resulted in the secondary market for mortgage-backed securities experiencing at times very limited liquidity and a material increase in the price of credit protection on mortgage-backed securities through credit derivatives. Limited liquidity in the secondary market may continue to have an adverse impact 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 certain categories of investors.

If there is a lack of liquidity in the secondary market, an investor in the Master Issuer notes may not be able to sell or acquire credit protection on its notes readily, and market values of the Master Issuer notes are likely to fluctuate. Any of these fluctuations may be significant and could result in significant losses to an investor. Accordingly, no assurance can be given as to the development or liquidity of any market for the Master Issuer notes.

Ratings assigned to the Master Issuer rated notes may be lowered or withdrawn after you purchase the Master Issuer rated notes, which may lower the market value of the Master Issuer rated notes

The ratings assigned by S&P and Fitch to each class (or sub-class) of Master Issuer rated notes address the likelihood of full and timely payment to you of all payments of interest on each interest payment date under that class (or sub-class) of Master Issuer rated notes in accordance with the terms of the Master Issuer transaction documents and the conditions of the Master Issuer rated notes. The ratings also address the likelihood of ultimate payment of principal by the final maturity date of each class (or sub-class) of Master Issuer rated notes. The ratings assigned by Moody's to each class (or sub-class) of Master Issuer rated notes

address the expected loss in proportion to the initial principal amount of such class (or sub-class) and express Moody's opinion that the structure allows for timely payment of interest and ultimate payment of principal at par on or before the rated final legal maturity date. The expected ratings of each class (or sub-class) of Master Issuer rated notes on the relevant closing date are set out in the relevant final terms or drawdown prospectus, as applicable.

A credit rating is not a recommendation to buy, sell or hold securities and any rating agency may lower, qualify or withdraw its rating if, in the sole judgment of the rating agency, the credit quality of the Master Issuer rated notes has declined or is in question. In addition, at any time a Rating Agency may revise its relevant rating methodology with the result that, amongst other things, a rating assigned to the Master Issuer rated notes may, in the absence of any mitigating action being taken such as the modification of the Transaction Documents, be lowered. If any rating assigned to the Master Issuer rated notes is lowered, qualified or withdrawn, the market value of the Master Issuer rated notes may be reduced and, in the case of money market notes, such money market notes may no longer be eligible for investment by money market funds. A change to the ratings assigned to each class (or sub-class) of Master Issuer rated notes will not affect the term advance ratings assigned to each relevant term advance under the master intercompany loan agreement. 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. A credit rating may not reflect the potential impact of all of the risks related to the structure, market, additional factors discussed above and other factors that may affect the value of the Master Issuer rated notes.

The Master Issuer is exposed to changes in the rating methodologies applied by rating agencies. Any adverse changes of such methodologies, including in relation to the counterparty risk assessment (the "**CR Assessment**") originally published by Moody's in respect of the Issuer on 5 June 2015, may materially and adversely affect the Master Issuer's operating results, financial conditions and prospects, the Master Issuer's willingness or ability to leave individual transactions outstanding and adversely affect the Master Issuer's capital market standing.

In general, EEA-regulated investors (such as investment firms, insurance and reinsurance undertakings, UCITS funds and certain hedge fund managers) are restricted under the EU CRA Regulation from using credit ratings issued by a credit rating agency for regulatory purposes in the EEA, unless such ratings are issued by a credit rating agency established in the EEA and registered under the EU CRA Regulation, or where such rating is provided by a credit rating agency operating in the EU or in the UK before June 2010, such credit rating agency has submitted an application for registration in accordance with the EU CRA Regulation and such registration has not been refused. Such general restriction will also apply in the case of credit ratings issued by non-EEA credit rating agencies, unless the relevant credit ratings are endorsed by an EEA-registered credit rating agency or the relevant non-EEA credit rating agency is certified in accordance with the EU CRA Regulation (and such endorsement action or certification, as the case may be, has not been withdrawn or suspended, subject to transitional provisions that apply in certain circumstances). The list of registered and certified credit rating agencies published by ESMA on its website in accordance with the EU CRA Regulation is not conclusive evidence of the status of the relevant credit rating agency included in such list, as there may be delays between certain supervisory measures being taken against a relevant credit rating agency and the publication of the updated ESMA list. The ratings assigned to each class of Master Issuer notes will be disclosed in the applicable final terms or drawdown prospectus.

Investors regulated in the UK are subject to similar restrictions under the UK CRA Regulation. As such, UK regulated investors are required to use for UK regulatory purposes ratings issued by a credit rating agency established in the UK and registered under the UK CRA Regulation. In the case of ratings issued by non-UK credit rating agencies, third country credit ratings can either be: (a) endorsed by a UK registered credit rating agency; or (b) issued by a third country credit rating agency that is certified in accordance with the UK CRA Regulation, in each case, subject to the relevant UK registration, certification or endorsement, as the case may be, not having been withdrawn or suspended.

If the status of the credit rating agency rating of the Master Issuer notes changes for the purposes of the EU CRA Regulation or the UK CRA Regulation, relevant regulated investors may no longer be able to use the rating for regulatory purposes in the EEA or the UK, as applicable, and the Master Issuer notes may have a different regulatory treatment, which may impact the value of the Master Issuer notes and their liquidity in the secondary market.

Removal of rating agency

If any series of Master Issuer notes ceases to be rated by any one of the rating agencies (a **removed rating agency**), for so long as such series of Master Issuer notes remains rated by two rating agencies, the related ratings criteria, rating tests, rating triggers and any and all requirements specified by and/or relating to such removed rating agency (including, but not limited to, those specified in the transaction documents) shall be deemed to be disappplied until such time that such removed rating agency is reappointed as a rating agency in respect of such series of Master Issuer notes. No assurance can be given that such disapplication will not be materially prejudicial to the interests of any noteholders and/or would not adversely affect the market value and/or liquidity of the Master Issuer notes in the secondary market.

Exposure to UK political developments and disruptions in the global economy and global financial markets

On 31 January 2020, the UK ceased to be a member of the EU and a limited trade deal was agreed between the UK and the EU with the relevant new regulations coming into force on 1 January 2021.

The trade deal, however, does not include agreements on certain areas such as financial services and data adequacy. The European Commission will decide in 2024 whether to extend the data adequacy decision(s) for the UK for a further period up to a maximum of another four years. If the Commission does not extend the decisions, then the decisions will expire on 27 June 2025. As a result, the Santander UK Group has, and will continue to have, a limited ability to provide cross-border services to EU customers and to trade with EU counterparties.

Following a consultation on the optimal structure for UK financial services post-Brexit, the FSMA 2023 received royal assent on 29 June 2023. FSMA 2023 establishes a framework for HM Treasury to revoke EU-derived financial services legislation, and for it to be replaced by FCA and Prudential Regulation Authority ("**PRA**") rules, with the intention of delivering a "comprehensive FSMA model of regulation" under which the regulators have extensive rule-making powers. This process of revoking and replacing retained EU law may result in material changes to the UK regulatory regime and the impact of these reforms on the Santander UK Group is difficult to predict.

The wider and continuing impact of Brexit on financial markets through market fragmentation, reduced access to finance and funding, and a lack of access to certain financial market infrastructure, may affect the Santander UK Group's operations, financial condition and prospects and those of its customers. This in turn could have a material adverse effect on its ability to perform its various roles under the programme and in particular as seller of loans to the mortgages trust and servicer of such loans.

It should be noted that even if equivalence arrangements for certain sectors of the financial services industry are agreed, market access is unlikely to be as comprehensive as the market access that the UK enjoyed through its EU membership. The impact of the trade agreement, equivalence decisions or any other cooperation mechanisms on financial markets generally, the extent of legislative and regulatory convergence and regulatory cooperation that would be required between the UK and the EU member states, as well as the level of access that may be granted to financial services firms across EU and UK markets is uncertain.

Prospective investors should therefore note that the regulatory treatment, including the availability of any preferential regulatory treatment, of the Master Issuer notes may be affected. It is difficult to determine what the precise impact of the new relationship between the UK and the EU will be on general economic conditions in the UK, including any implications for the UK sovereign ratings, ratings of the relevant transaction parties or the performance of the UK housing market. In addition, following the UK withdrawal from the EU, future UK political developments and/or any changes in government structure and policies, could affect the fiscal, monetary and regulatory landscape. No assurance can be given that any of the matters outlined above would not adversely affect the ability of the Master Issuer to satisfy its obligations under the Master Issuer notes and/or the market value and/or liquidity of the Master Issuer notes in the secondary market.

Residual risks remain around the impact on the UK's economy. The UK withdrawal from the EU has contributed to global COVID-19 pandemic-related supply and labour market constraints and reduced economic output and exports as businesses attempt to adapt to the new cross-border rules and procedures applicable, in both the UK and in the EU, to their activities, products, customers and suppliers. While the longer term effects of the UK's withdrawal from the EU are difficult to assess, this has also been hampered by overlay of and development of economic risks from the COVID-19 pandemic, the Russian invasion of Ukraine, and the armed conflict between Israel and Hamas. Further, there is ongoing political and economic uncertainty such

as increased friction with the EU and EU countries which could negatively affect borrowers and the Master Issuer's counterparties.

Economic instability and downturns beyond the UK may also impact the UK economy as a whole. Europe's manufacturing base is heavily dependent upon natural gas, and restriction in supply and significantly increased costs are expected to have a material adverse impact on the Eurozone economy, which could lead to disruption and volatility in the global financial markets, as a result of sustainability concerns. This could have a material adverse impact on the Santander UK Group, including the Santander UK Group's ability to access capital and liquidity on financial terms acceptable to the Santander UK Group, which could have a material adverse effect on the Santander UK Group's operations, financial condition and prospects. This, in turn, could have a material adverse effect on Santander UK's ability to perform its various roles under the programme and in particular as seller of loans to the mortgages trust and servicer of such loans. The armed conflict between Israel and Hamas, especially if it spreads to other Middle Eastern countries, and/or other future regional conflicts and wars that have a global impact, may also further adversely impact global commodity and financial markets.

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

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

Whilst central bank schemes such as the Bank of England's Discount Window Facility, the Indexed Long-Term Repo Facility and other schemes under its Sterling Monetary Framework, and the Eurosystem monetary policy framework for the European Central Bank, including emergency liquidity operations introduced by central banks (such as the Term Funding Scheme with additional incentives for SMEs introduced by the Bank of England) in response to a financial crisis or a wide-spread health crisis (such as the COVID-19 pandemic), provide an important source of liquidity in respect of eligible securities, relevant eligibility criteria for eligible collateral apply (and will apply in the future) under such schemes and liquidity operations. Investors should make their own conclusions and seek their own advice with respect to whether or not the Master Issuer notes constitute eligible collateral for the purposes of any of the central bank liquidity schemes, including whether and how such eligibility may be impacted by the UK withdrawal from the EU and the UK no longer being part of the EEA (see further "Risk Factors – Exposure to UK political developments"). No assurance is given on the availability of any central bank liquidity schemes (noting that in the UK certain such schemes are restricted to the maintenance of existing drawings by participants) or that any notes will be eligible for any specific central bank liquidity schemes, including whether and how such eligibility may be impacted by the UK withdrawal from the EU and the UK no longer being part of the EEA.

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

Changes or uncertainty in respect of interest rate benchmarks may affect the value, liquidity or payment of interest under the Master Issuer notes

Indices which are deemed to be "benchmarks", including the Sterling Overnight Index Average ("**SONIA**") and the Euro Interbank Offered Rate ("**EURIBOR**" and together, "**IBORS**"), have been made the subject of national, international and other regulatory guidance and reform. Some of these reforms are already effective whilst others are still to be implemented.

UK Benchmarks Regulation and the EU Benchmarks Regulation

The EU Benchmarks Regulation was published in the Official Journal of the EU on 29 June 2016 and entered into force on 1 January 2018. The EU Benchmarks Regulation applies to the provision of benchmarks, the contribution of input data to a benchmark and the use of a benchmark within the EU. In particular, the EU Benchmarks Regulation, among other things, (i) requires benchmark administrators to be authorised or registered on the ESMA Register (as defined below) (or, if non-EU-based, to be subject to an equivalent regime or otherwise recognised or endorsed); and (ii) prevents certain uses by EU-supervised entities of benchmarks of administrators that are not authorised or registered (or, if such benchmarks or administrators are non-EU-based, deemed equivalent or recognised or endorsed).

The UK Benchmarks Regulation, among other things, applies to the provisions of benchmarks and the use of a benchmark in the UK. Similarly, it prohibits the use in the UK by UK supervised entities of benchmarks or administrators that are not authorised or registered on the FCA Register (as defined below) in accordance with the UK Benchmarks Regulation (or, if such benchmarks or administrators are non-UK based, not deemed equivalent or recognised or endorsed).

ESMA maintains a public register of EU-approved benchmark administrators and non-EU benchmarks pursuant to the EU Benchmarks Regulation (the **ESMA Register**). Benchmarks and benchmark administrators which were approved by the FCA prior to 31 December 2020 were removed from the ESMA Register on 1 January 2021. From 1 January 2021 onwards, the FCA maintains a separate public register of FCA-approved benchmark administrators and non-UK benchmarks pursuant to the UK Benchmarks Regulation (the **FCA Register**). The FCA Register includes benchmark administrators and benchmarks which were approved by the FCA prior to 31 December 2020.

The EU Benchmarks Regulation and/or the UK Benchmarks Regulation, as applicable, could have a material impact on any Master Issuer notes linked to a rate or index deemed to be a "benchmark"; in particular, if the methodology or other terms of the "benchmark" are changed in order to comply with the requirements of the EU Benchmarks Regulation and/or the UK Benchmarks Regulation, as applicable. Such changes could, among other things, have the effect of reducing, increasing or otherwise affecting the volatility of the published rate or level of the "benchmark".

Investors should consult their own independent advisers and make their own assessment about the potential risks imposed by the EU Benchmarks Regulation and/or the UK Benchmark Regulation reforms, investigations and licensing issues in making any investment decision with respect to the Master Issuer notes linked to a "benchmark".

Specific risks

Although the Master Issuer no longer issues floating rate Master Issuer notes which reference LIBOR under the programme described in this base prospectus, it may still issue floating rate Master Issuer notes which reference EURIBOR. Accordingly, prospective investors should in particular be aware that:

- (a) any of these reforms or pressures described above or any other changes to EURIBOR could affect the level of the published rate, including by causing it to be lower and/or more volatile than it would otherwise be;
- (b) if EURIBOR is discontinued or is otherwise unavailable, then:
 - (i) the rate of interest on the loans may be determined for a period by any applicable fall-back provisions under the relevant loan documentation, although such provisions may not operate as intended (depending on market circumstances and the availability of rates information at the time); and
 - (ii) in circumstances where and an amendment as described in paragraph (c) below has not been made at the relevant time, then the rate of interest on the floating rate notes will be determined for a period by the fall-back provisions provided for under Condition 5.2 (Interest on Floating Rate Notes), although such fall-back provisions may result in EURIBOR, being substituted for a rate recommended as the replacement for EURIBOR by the European Central Bank (or any successor thereof) or any other relevant committee or other body established, sponsored or approved by the European Central Bank (or any successor thereof) for the purpose of recommending a replacement for EURIBOR. If no such recommendation has been made, it may result in the effective application of a fixed rate based on the rate which applied in the previous period when EURIBOR was available;
- (c) while an amendment may be made under Condition 12.5(b) (Modifications and Determinations by Note Trustee) to change the base rate on the floating rate notes under certain circumstances broadly related to dysfunction or discontinuation and subject to certain conditions being satisfied (including with respect to the absence of noteholder objection) (in this regard, please also refer to the risk factor above entitled "**The security trustee, the**

Master Issuer security trustee and/or the note trustee may agree to modifications to the transaction documents without your prior consent, which may adversely affect your interests”), 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 floating rate 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 any interest rate benchmark is discontinued, and whether or not an amendment is made under Condition 12.5(b) (Modifications and Determinations by Note Trustee) to change the base rate with respect to the floating rate notes as described in paragraph (c) above, there can be no assurance that the applicable fall-back provisions under the swap agreements would operate to allow the transactions under the swap agreements to fully or effectively mitigate interest rate risk in respect of the floating rate notes.

In addition, it should be noted that broadly divergent interest rate calculation methodologies may develop and apply as between the Master Issuer notes and the 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 Master Issuer to meet its payment obligations in respect of the Master Issuer notes.

Moreover, any of the above matters or any other significant change to the setting or existence of any relevant interest rate benchmark, could affect the ability of the Master Issuer to meet its obligations under the Master Issuer notes and/or could have a material adverse effect on the value or of, return on and/or liquidity of the Master Issuer notes. Changes in the manner of administration of any relevant interest rate benchmark could result in an adjustment to the Conditions, early redemption, discretionary valuation by the calculation agent, delisting or other consequences in relation to the floating rate notes. No assurance may be provided that relevant changes will not occur with respect to any 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 Master Issuer notes. Investors should consult their own independent advisers and make their own assessment about the potential risks imposed by the EU Benchmarks Regulation and/or the UK Benchmarks Regulation, as applicable, or any of the international or national reforms and the possible application of the benchmark replacement provisions of the Master Issuer notes.

The market continues to develop in relation to risk free rates as a reference rate for floating rate notes

Where the applicable final terms for a series of floating rate Master Issuer notes identifies that the rate of interest for such Master Issuer notes will be determined by reference to SOFR, SONIA or €STR, the rate of interest will be determined on the basis of the relevant reference rate as described in the applicable conditions. All such rates are based on "overnight rates". Overnight rates differ from IBORs in a number of material respects, including (without limitation) that such rates are backwards-looking, risk-free overnight rates, whereas IBORs are expressed on the basis of a forward-looking term and includes a risk-element based on inter-bank lending. As such, investors should be aware that overnight rates may behave materially differently as interest reference rates for Master Issuer notes issued under the programme described in this base prospectus compared to IBORs. The use of overnight rates as a reference rate for securities is developing and is subject to change, both in terms of the substance of the calculation and in the development and adoption of market infrastructure for the issuance and trading of notes referencing such overnight rates.

Investors should be aware that the market continues to develop in relation to such overnight rates as a reference rate in the capital markets and its adoption as an alternative to IBORs. In particular, market participants, relevant working groups and/or central bank led working groups continue to explore compounded rates and weighted average rates, and observation methodologies for such rates (including so-called 'shift', 'lag', and 'lock-out' methodologies), and such groups may also explore forward-looking 'term' reference rates derived from these overnight rates. Market terms for debt securities indexed to SONIA, SOFR and €STR, such as the spread over the index reflected in interest rate provisions or the applicable observation method, may evolve over time, and trading prices of the Master Issuer notes may be lower than those of later-issued indexed debt securities as a result.

The market or a significant part thereof may adopt an application of an overnight rate in a way that differs significantly from that set out in the terms and conditions of the Master Issuer notes and used in relation to floating rate notes that reference an overnight rate issued under this base prospectus.

Interest on any series or class of Master Issuer notes which reference an overnight 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 notes which reference an overnight rate to reliably estimate the amount of interest which will be payable on such notes. Further, if the floating rate notes become due and payable under conditions 10 (*Events of Default*) or 11 (*Enforcement of Master Issuer notes*) of the Master Issuer notes, the rate of interest payable shall be determined on the date the Master Issuer notes became due and payable and shall not be reset thereafter. In addition, the manner of adoption or application of overnight reference rates in the bond markets may differ materially compared with the application and adoption of overnight reference rates in other markets, such as the derivatives and loan markets. Investors should carefully consider how any mismatch between the adoption of overnight reference rates across these markets may impact any hedging or other financial arrangements which they may put in place in connection with any acquisition, holding or disposal of Master Issuer notes referencing such overnight reference rates. Investors should consider these matters when making their investment decision with respect to any such floating rate notes.

The Secured Overnight Financing Rate used to calculate SOFR may be discontinued or fundamentally altered in a manner that is materially adverse to the interests of investors in the Master Issuer notes

The Federal Reserve Bank of New York (the **Federal Reserve**) began to publish the Secured Overnight Financing Rate in April 2018. The Federal Reserve has also begun publishing historical indicative Secured Overnight Financing Rates going back to 2014. Investors should not rely on any historical changes or trends in the Secured Overnight Financing Rate as an indicator of future changes in the Secured Overnight Financing Rate. Since the Secured Overnight Financing Rate is a relatively new market index, market terms for debt securities indexed to the Secured Overnight Financing Rate, such as the spread over the index reflected in interest rate provisions, may evolve over time, and trading prices of notes linked to SOFR may be lower than those of later-issued indexed debt securities as a result. Similarly, if the Secured Overnight Financing Rate does not prove to be widely used in securities like notes linked to SOFR, the trading price of notes linked to SOFR may be lower than those of notes linked to indices that are more widely used. Investors in notes linked to SOFR may not be able to sell such notes at all or may not be able to sell such notes at prices that will provide them with a yield comparable to similar investments that have a developed secondary market, and may consequently suffer from increased pricing volatility and market risk.

Ratings confirmation in respect of notes

The terms of certain transaction documents require the rating agencies to confirm that any action proposed to be taken by the mortgages trustee, the security trustee, the Master Issuer security trustee, the note trustee, a Funding company or any Master Issuer will not have an adverse effect on the then current rating of the Master Issuer rated notes (a **ratings confirmation**).

By acquiring the Master Issuer notes, you acknowledge and agree that, notwithstanding the foregoing, a credit rating is an assessment of credit risk and does not address other matters that may be of relevance to you. The transaction documents provide that none of the Funding secured creditors, the Master Issuer secured creditors (including the noteholders), the mortgages trustee, the security trustee, the Master Issuer security trustee, the note trustee or any other person whether by way of contract or otherwise shall acquire any actual or contingent rights against any rating agency (nor shall any rating agency assume any actual or contingent liability to any of the Funding secured creditors, the Master Issuer secured creditors (including the noteholders), the mortgages trustee, the security trustee, the Master Issuer security trustee or the note trustee), notwithstanding the fact that any of the security trustee, the Master Issuer security trustee and the note trustee may be entitled to assume that any matter or event is not materially prejudicial to the interests of any class of noteholders if the then current rating agencies have confirmed that the then current rating of a relevant class of rated notes would not be adversely affected by such matter or event.

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 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 should not be responsible for the consequences thereof. Investors should also note that 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 applicable closing date. A ratings confirmation

represents only a restatement of the opinions given, and cannot be construed as advice for the benefit of any parties to the transaction.

If a ratings confirmation or response from the rating agencies is a condition to any action or step under any transaction document and a written request for such confirmation or response is delivered to each rating agency by or on behalf of the Master Issuer and one or more of the rating agencies (each, a **non-responsive rating agency**) indicates that it does not consider such confirmation or response necessary in the circumstances or, within 30 days of delivery of such request, such request elicits no confirmation or response and/or such request elicits no statement by one or more of the rating agencies that such confirmation or response could not be given, and at least one of Moody's, Fitch or S&P gives such a confirmation or response based on the same facts, then such condition shall be deemed to be modified with respect to the facts set out in the request so that there shall be no requirement for the confirmation or response from any such non-responsive rating agency.

Investors should further note that, if any rating agency becomes a removed rating agency, then no ratings confirmation or response shall be required in respect of such removed rating agency (see "Ratings assigned to the Master Issuer rated notes may be lowered or withdrawn after you purchase the Master Issuer rated notes, which may lower the market value of the Master Issuer rated notes" above).

There can be no assurance that the effect of any action taken based on the receipt of ratings confirmations, or not taken as a result of ratings confirmations not being given, will not ultimately adversely affect your interests in any Master Issuer notes.

LEGAL RISKS

UK Securitisation Regulation

The UK Securitisation Regulation includes risk retention and transparency requirements (imposed variously on the issuer, originator, sponsor and/or original lender of a securitisation in the UK) and due diligence requirements which are imposed on UK Institutional Investors (as defined below) in a securitisation. If the due diligence requirements under the UK Securitisation Regulation are not satisfied then, depending on the regulatory requirements applicable to such UK Institutional Investor, an additional risk weight, regulatory capital charge and/or other regulatory sanction may be applied to such securitisation investment and/or imposed on the UK Institutional Investor.

In this respect, (a) the seller (as originator) will retain, on an on-going basis, a material net economic interest of not less than 5 per cent. in the nominal value of the securitised exposures as required by UK Risk Retention Requirement (see the section "Risk Retention Requirements" below) and (b) the seller has agreed with the Master Issuer, Funding and the mortgages trustee in the Funding deed of charge that it will be responsible for compliance with the UK Transparency Requirements (as defined below) provided that the seller will not be in breach of such undertaking if the seller fails to so comply due to events, actions or circumstances beyond the seller's control.

UK Institutional Investor means each of CRR firms as defined by Article 4(1)(2A) of Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 648/2012 as it forms part of UK domestic law by virtue of the EUWA, certain alternative investment fund managers which manage or market alternative investment funds in the UK, UK regulated insurers or reinsurers, certain management companies as defined in section 237(2) of the Financial Services and Markets Act 2000 (**FSMA**), UCITS as defined by section 236A of FSMA which is an authorised open ended investment company as defined in section 237(3) of FSMA and occupational pension schemes as defined in section 1(1) of the Pension Schemes Act 1993.

Each potential UK Institutional Investor is required to independently assess and determine the sufficiency of the information described above and in the base prospectus generally for the purposes of complying with Article 5 of the UK Securitisation Regulation and any corresponding national measures which may be relevant to investors and none of the Master Issuer, the Arranger, any Dealer, Funding, the mortgages trustee, the seller or any of the other transaction parties makes any representation that any such information described above or elsewhere in this base prospectus is sufficient in all circumstances for such purposes.

EU Securitisation Regulation

The EU Securitisation Regulation applies to securitisations, the securities of which are issued on or after 1 January 2019 (or in the case of amending EU Regulation (EU) No 2021/557 to securities issued on or after 9 April 2021). The EU Securitisation Regulation includes risk retention and transparency requirements (imposed variously on the issuer, originator, sponsor and/or original lender of a securitisation in the EU) and due diligence requirements imposed on EU Institutional Investors (as defined below) in a securitisation. If the due diligence requirements under the EU Securitisation Regulation are not satisfied then, depending on the regulatory requirements applicable to such EU Institutional Investor, an additional risk weight, regulatory capital charge and/or other regulatory sanction may be applied to such securitisation investment and/or imposed on the EU Institutional Investor.

EU Institutional Investor means each of EU-regulated credit institutions, EU-regulated investment firms, certain alternative investment fund managers which manage and/or market alternative investment funds in the EU, EU regulated insurers or reinsurers, certain investment companies authorised in accordance with Directive 2009/65/EC, managing companies as defined in Directive 2009/65/EC, institutions for occupational retirement provision falling within the scope of Directive (EU) 2016/2341 (subject to certain exceptions), and certain investment managers and authorised entities appointed by such institutions subject thereto.

Potential EU Institutional Investors should note that neither the Master Issuer nor the seller or servicer is bound to comply with the requirements of the EU Securitisation Regulation unless it agrees to be so bound as a contractual matter. In this respect, the seller has contractually agreed to comply with the risk retention requirements set out in Article 6(1) of the EU Securitisation Regulation (the **EU Risk Retention Requirements**) for so long as there is no equivalency regime with the UK Risk Retention Requirements (as defined below). Specifically, pursuant to the mortgages trust deed, the seller will not be entitled to receive principal receipts which would reduce the seller share to an amount less than the minimum seller share, and such minimum seller share is calculated in a manner such that it cannot be lower than (a) 5 per cent. of the aggregate current balance of the loans within the trust property calculated in accordance with Article 6(1) of the UK Securitisation Regulation (the **UK Risk Retention Requirements**) and (b) until such time when an equivalency regime or similar analogous concept is established between the UK Risk Retention Requirements and the EU Risk Retention Requirements, 5 per cent. of the aggregate current balance of the loans within the trust property calculated in accordance with the EU Risk Retention Requirements. See the "**The mortgages trust—Minimum seller share**" for a description of the material terms of the seller share, how the seller share is calculated from time to time and the seller's obligation to maintain the minimum seller share.

In respect of the seller's undertaking to comply with the EU Risk Retention Requirements, investors should note that **EU Securitisation Regulation** means Regulation (EU) 2017/1402 (as amended by Regulation (EU) No. 2021/557) together with any EU Securitisation Rules, in each case, in respect of the EU Risk Retention Requirements, as such regulation, standards, guidance, or statements are in effect as of the date of this base prospectus or, to the extent any amendments to such regulation, standards, guidance, or statements come into effect after the date of this base prospectus, as otherwise adopted by the seller in its sole discretion from time to time.

EU Institutional Investors should therefore note that if Article 6 of the EU Securitisation Regulation is amended or new technical standards in respect of such article are introduced after the date of this base prospectus, the seller will be under no obligation to comply with such amendments.

EU Institutional Investors should further note that the seller (as originator) has no contractual obligation to comply with any other aspect of the EU Securitisation Regulation (including, but not limited to, Article 7 thereof) in respect of any issuance of notes by the Master Issuer, unless it is specified in the relevant final terms for any such issuance of a series of notes that the seller has made an EU Securitisation Regulation Undertaking (as defined below).

The Master Issuer may specify in the relevant final terms for any issuance of a series of notes that, in respect of such series of notes (and (i) for so long as such series of notes is outstanding, or (ii) until such time when a competent EU authority has confirmed (in the form of enacted (or otherwise binding) legislation, regulation or policy statement) that the satisfaction of the UK Transparency Requirements will also satisfy the EU Transparency Requirements due to the application of an equivalency regime or similar analogous concept), the seller (as originator) will undertake to the Master Issuer (an **EU Securitisation Regulation Undertaking**) to procure the publication of:

- (a) a quarterly investor report (in the form prescribed as at the issue date of such series of notes under the EU Securitisation Regulation or, to the extent the form prescribed pursuant to the EU Securitisation

Regulation is amended after the issue date of such series of notes, as otherwise adopted by the seller from time to time) on each interest payment date or shortly thereafter (and at the latest one month after the relevant interest payment date) in accordance with Article 7(1)(e) of the EU Securitisation Regulation as such regulation is in force at the issue date in respect of such series of notes;

- (b) certain loan-level information in relation to the portfolio as required by and in accordance with Article 7(1)(a) of the EU Securitisation Regulation as such regulation is in force as at the issue date of such series of notes (in the form prescribed as at the issue date of such series of notes under the EU Securitisation Regulation or, to the extent the form prescribed pursuant to the EU Securitisation Regulation is amended after the issue date of such series of notes, as otherwise adopted by the seller from time to time) on a quarterly basis (at the latest one month after the relevant interest payment date and simultaneously with the investor report provided pursuant to paragraph (a) above); and
- (c) any information required to be reported pursuant to Articles 7(1)(f) or 7(1)(g) (as applicable) of the EU Securitisation Regulation (as such regulation is in force as at the issue date in respect of such series of notes) without delay.

Pursuant to the Funding deed of charge, the seller has undertaken to procure the publication of the materials described in limbs (a) to (c) (above) in respect of any series of notes for which the seller has given an EU Securitisation Regulation Undertaking.

To the extent that Article 7 of the EU Securitisation Regulation is amended or new technical standards are introduced following the date of any issuance in respect of any series of notes for which the seller has given an EU Securitisation Regulation Undertaking, the seller will be under no obligation to comply with such amendments or new technical standards in respect of such series of notes.

The currently applicable UK Securitisation Regulation regime will be revoked and replaced with a new recast regime as a result of the UK post-Brexit move to "A Smarter Regulatory Framework for financial services" under the Financial Services and Markets Act 2023 ("**FSMA 2023**"). The Securitisation Regulations 2024, as amended ("**2024 UK SR SI**"), which is now partially in force, provide that upon the repeal of the current UK securitisation regulatory regime, the regulatory framework will be moved to a combination of the 2024 UK SR SI and the regulator rulebooks of the FCA and the PRA. On 22 April 2024 the draft Securitisation (Amendment) Regulations 2024 (the "**Draft 2024 Amending SI**") was published, setting out changes to the 2024 UK SR SI and setting out 1 November 2024 as the date on which the retained EU Securitisation Regulation will be repealed. On 30 April 2024, the FCA Policy Statement 24/4: Rules relating to securitisation and the PRA Policy Statement 7/24 – Securitisation: General requirements were published. Both the FCA and the PRA rules are stated to be applicable from 1 November 2024 and, under the transitional provisions contained in them, they will not apply to securitisation transactions that close before 1 November 2024, except in relation to the delegation of responsibility for compliance with due diligence obligations to alternative investment fund managers who are not authorised in the UK, which may be relevant for some investors. It is expected that the proposed amendments will be finalised and become applicable during the course of 2024. It is also expected that the UK government, the PRA and the FCA will consult, in Q3/Q4 2024/Q1 2025, on further changes to the UK Securitisation Regulation framework including, but not limited to, the recasting of the transparency and reporting requirements. Therefore, as at the date of this base prospectus, the timing and details for the implementation of securitisation-specific reforms are not yet fully known and the outcome of ongoing and any new consultations on such reforms will be unfolding in the course of 2024 and beyond.

Prospective investors should note that there is already some level of divergence between the EU and UK regimes. While the UK Securitisation Regulation reforms published in the summer 2023 bring some alignment with the EU regime, these reforms also introduce new points of divergence and the risk of further divergence between EU and UK regimes cannot be ruled out in the longer term as it is not known at this stage how the ongoing reforms or any future reforms will be finalised and implemented in the UK. Please also see the risk factor below entitled "**Regulatory initiatives may have an adverse impact on the regulatory treatment of the Master Issuer notes**".

Accordingly, whilst the seller may (at its discretion), in respect of any series of Master Issuer notes for which it has provided an EU Securitisation Regulation Undertaking, decide to comply with any such amendments or new technical standards in respect of the EU Securitisation Regulation which occur after the date of issuance of such series of Master Issuer notes, investors should note that there is no guarantee that this will be the case.

Each potential EU Institutional Investor is required to independently assess and determine the sufficiency of the information described above, in the base prospectus generally and in the applicable final terms with respect to the issuance of Master Issuer notes which it holds, for the purposes of complying with Article 5 of the EU Securitisation Regulation and any corresponding national measures which may be relevant to such investor. None of the Master Issuer, the Arranger, any Dealer, Funding, the seller (as originator or otherwise), the mortgages trustee or any of the other transaction parties makes any representation that any such information described above or elsewhere in this base prospectus is sufficient in all circumstances for such purposes.

Simple, Transparent and Standardised (STS) Securitisations

The UK Securitisation Regulation sets out the criteria and procedures applicable to securitisations in the UK seeking the designation as "simple, transparent and standardised" (**UK STS**) securitisations, and includes provisions that harmonise and replace the risk retention and due diligence requirements applicable to certain securitisations. UK Institutional Investors are restricted from investing in such securitisations unless that investor is able to demonstrate that it has undertaken certain due diligence assessments and verified various matters.

UK STS Designation

Santander UK, in its capacity as originator for the purposes of the UK Securitisation Regulation, may procure a UK STS notification (a **UK STS notification**) to be submitted to the FCA in accordance with Article 27 of the UK Securitisation Regulation that the requirements of Articles 19 to 22 of the UK Securitisation Regulation (the **UK STS requirements**) have been satisfied with respect to the issuance of a series of notes (the **UK STS designation**). No assurance is given that the originator will seek an UK STS designation with respect to any series of Master Issuer notes issued under this base prospectus and the relevant final terms.

The originator may decide at its discretion whether a UK STS notification will be submitted in respect of an issuance of a series of Master Issuer notes at the time of such issuance. Accordingly, Master Issuer notes may, and are capable of, being issued under this base prospectus without them being compliant with the UK STS requirements or any UK STS notification being submitted. Investors should also note that, to the extent that any series of Master Issuer notes are designated as meeting the UK STS requirements, such UK STS designation is not an assessment by any party as to the creditworthiness of that transaction but is instead a reflection that the specific requirements of the UK Securitisation Regulation have been met as regards compliance with the UK STS requirements.

In the event that the originator makes a UK STS notification with respect to a series of Master Issuer notes, no assurance can be given that such series of Master Issuer notes meeting the UK STS requirements applicable at the time of such UK STS notification will remain compliant because the UK STS requirements may change over time. In addition, no assurance can be given on how the FCA will interpret and apply the UK STS requirements or other related regulations such as Regulation (EU) No. 575/2013 as it forms part of UK domestic law by virtue of the EUWA (the **UK Capital Requirements Regulation**) as amended by Regulation (EU) 2017/2401 as it forms part of UK domestic law by virtue of the EUWA (the **UK CRR Amendment Regulation**) and the Commission Delegated Regulation (EU) 2015/61 of 10 October 2014 (supplementing Regulation (EU) 575/2013 with regard to the Liquidity Coverage Requirement for Credit Institutions, as amended) as it forms part of UK domestic law by virtue of the EUWA (the **UK LCR Regulation**). Investors may verify on the FCA STS register website the current status of a UK STS notification submitted with respect to a series of Master Issuer notes, which may be updated where the Master Issuer notes are no longer considered to be compliant with the UK STS requirements following a decision by the FCA or another relevant UK regulator or a notification by the seller. However, institutional investors that are subject to the due diligence requirements of the UK Securitisation Regulation should make their own independent assessment with regard to compliance of any series of Master Issuer notes with the UK STS requirements and may not solely rely on any UK STS notification, any UK STS verification (as defined below), if applicable, or other disclosed information.

If any series of Master Issuer notes meeting the UK STS requirements applicable at the time of such UK STS notification, subsequently ceases to comply with the UK STS requirements, such change in the compliance status of such Master Issuer notes may result in the loss of better regulatory treatment of the Master Issuer notes under the applicable UK regulatory regime(s), including in the case of prudential

regulation, higher capital charges being applied to the Master Issuer notes which may have a negative effect on the price and liquidity of the Master Issuer notes in the secondary market.

In addition, such non-compliance with the UK STS requirements may result in various sanctions and/or remedial measures being imposed on the relevant transaction parties, including the Master Issuer and the seller, which may have an impact on the availability of funds to pay the Master Issuer notes.

STS Verification

With respect to a UK STS notification, the seller may or may not obtain a verification of compliance of the relevant notes with the UK STS requirements, as well as with relevant provisions of Article 243 of the UK Capital Requirements Regulation (the **UK CRR Assessment**) and/or Article 13 of the UK LCR Regulation (the **UK LCR Assessment**, together with the UK CRR Assessment and the UK STS Verification, the **UK STS verification**) from a third party verification agent authorised under Article 28 of the UK Securitisation Regulation (an **authorised verification agent**). If an authorised verification agent is appointed to prepare a UK STS verification with respect to any notes issued under this base prospectus, the name of such agent will be disclosed in the relevant UK STS notification (and relevant final terms) and the corresponding UK STS verification will be publicly available. It is important to note that the involvement of an authorised verification agent is not mandatory and the responsibility for compliance with the UK Securitisation Regulation or, if applicable, the EU Securitisation Regulation, remains with the relevant institutional investors, originators, sponsors, funding entities and issuers, as applicable in each case. A UK STS verification will not absolve such entities from making their own verification and verifications with respect to the UK Securitisation Regulation, the relevant provisions of Article 243 of the UK CRR and/or Article 13 of the UK LCR Regulation, and a UK STS verification cannot be relied on to determine compliance with the foregoing regulations in the absence of such verifications by the relevant entities.

EU STS eligibility

For the avoidance of doubt, a UK STS designation in respect of any existing or new series of Master Issuer notes does not meet, as at the date of this base prospectus, the EU STS requirements (primarily due to jurisdictional requirements following the UK's withdrawal from the EU), and, as such, better or more flexible regulatory treatment under the relevant EU regulatory regimes (in particular, under (i) the Capital Requirements Regulation (575/2013), (ii) Commission Delegated Regulation (EU) 2015/61 of 10 October 2014 (supplementing Regulation (EU) 575/2013 with regard to the Liquidity Coverage Requirement for Credit Institutions, as amended) and (iii) the EU Solvency II regime) will not be available.

As part of the wider review of the EU Securitisation Regulation regime (and in respect of which a consultation launched by the European Commission closed in September 2021), an equivalence regime for non-EU STS securitisations may be introduced in the EU, resulting in the UK STS regime being considered equivalent to the EU STS regime, however no assurances can be given that such equivalence regime will be introduced or that, when introduced, it will benefit the EU regulatory treatment of any series of Master Issuer notes.

As at the date of this base prospectus, the Master Issuer notes are not capable of qualifying as an STS securitisation within the meaning of Article 18 of the EU Securitisation Regulation and consequently no series of Master Issuer notes is listed on the ESMA register of notes having an EU STS designation nor is it intended that an EU STS notification be submitted in respect of any series of Master Issuer notes.

The Dodd-Frank Wall Street Reform and Consumer Protection Act

The financial services industry has in recent years been subject to intense and increasing regulatory oversight. The implementation of the Dodd-Frank Wall Street Reform and Consumer Protection Act (the Dodd-Frank Act) and its related regulations imposed a new regulatory framework over the U.S. financial services industry and the consumer credit markets in general.

The Dodd Frank Act enacted, and the CFTC and SEC have issued or proposed rules to implement, both broad new regulatory requirements and broad new structural requirements applicable to over the counter (OTC) derivatives markets. These changes include, but are not limited to: requirements that many categories of the most liquid OTC derivatives (currently limited to specified interest rate swaps and index credit default swaps) be executed on qualifying, regulated exchanges and be submitted for clearing; real-time public and

regulatory reporting of specified information regarding OTC derivative transactions; enhanced documentation requirements; margin requirements for uncleared derivatives; position limits; and recordkeeping requirements.

While these changes are intended to mitigate systemic risk and to enhance transparency and execution quality in the OTC derivative markets, the impact of these changes is not known at this time. For instance, cleared OTC derivatives are subject to margin requirements established by regulated clearinghouses, including daily exchanges of cash variation (or mark-to-market) margin and an upfront posting of cash or securities initial margin to cover the clearinghouse's potential future exposure to the default of a party to a particular OTC derivatives transaction. Furthermore, "financial end users," such as the Master Issuer, that enter into OTC derivatives that are not cleared are generally required to exchange margin to collateralize such derivatives. Under the new rules, the level of margin required to be exchanged in connection with uncleared derivatives in many cases is substantially greater than the level typically required by market participants or clearinghouses, which could have a material adverse effect on the Master Issuer's ability to hedge its interest and currency rate exposure, or on the cost of such hedging.

These regulatory requirements may affect the pricing, terms, funding and compliance costs associated with swap transactions and the availability of such swap transactions that may be entered into by the Master Issuer from time to time.

The Dodd-Frank Act also significantly expanded the coverage and scope of regulations that limit affiliate transactions within a banking organisation, including coverage of the credit exposure on derivatives transactions, repurchase and reverse repurchase agreements and securities borrowing and lending transactions.

The final regulations implementing Section 619 of the Dodd-Frank Act (commonly referred to as the Volcker Rule) generally prohibit "banking entities" (broadly defined to include U.S. banks, bank holding companies and foreign banking organizations, together with their respective subsidiaries and other affiliates) from (i) engaging in proprietary trading, (ii) acquiring or retaining an ownership interest in, or sponsoring, a "covered fund", and (iii) entering into certain relationships with such funds, subject to certain exceptions and exclusions. See "The Master Issuer notes" on the cover of this base prospectus for information on the Master Issuer's status under the Volcker Rule.

U.S. credit risk retention

On 21 October 2014, regulators in the United States adopted a final rule implementing Section 15G of the Exchange Act (the **U.S. Credit Risk Retention Requirements**). The U.S. Credit Risk Retention Requirements generally require "securitizers" to retain not less than 5 per cent. of the credit risk of the mortgage loans securitized and generally prohibit securitizers from directly or indirectly eliminating or reducing their credit exposure by hedging or otherwise transferring the credit risk that the securitizer is required to retain. The U.S. Credit Risk Retention Requirements became effective for residential mortgage-backed securities on 24 December 2015. As described under "**Risk Retention Requirements—U.S. credit risk retention**", the seller, in its capacity as originator, will initially comply with this requirement by maintaining a seller share in the master trust calculated in accordance with such regulations that will equal not less than 5 per cent. of the aggregate outstanding principal balance of all Master Issuer notes, with certain exceptions. If the seller share does not equal at least 5 per cent. of this amount, with certain exceptions, at the closing of each issuance of Master Issuer notes or when tested on a monthly basis on each trust calculation date, or if the seller reduces or limits its financial exposure to the seller share in certain circumstances, the U.S. Credit Risk Retention Requirements will not be satisfied. If the seller fails to retain credit risk in accordance with the U.S. Credit Risk Retention Requirements, the value and liquidity of the Master Issuer notes may be adversely impacted. In addition, in the event that the seller share does not equal at least 5 per cent. of the aggregate outstanding principal balance of all Master Issuer notes, with certain exceptions, and such deficiency persists for two consecutive trust calculation dates, a non-asset trigger event will occur. See "**Risk Retention Requirements—U.S. credit risk retention**" in this base prospectus for information on how the seller complies with the U.S. Credit Risk Retention Requirements.

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

In 1988, the Basel Committee on Banking Supervision (the **Basel Committee**) adopted capital guidelines specifying the relationship between a bank's capital and its credit risks (known as **Basel I**). In June 2006, the Basel Committee finalised and published new risk-adjusted capital guidelines (**Basel II**). The Basel Committee approved a series of significant changes to the Basel regulatory capital framework (such changes being referred to by the Basel Committee as **Basel III**), which revise the process for determining capital requirements. Basel III continues to include and build on the securitisation framework introduced in earlier Basel standards.

Basel III, as implemented in the EU through the Capital Requirements Regulation (575/2013) (**EU CRR**) and the associated directive, the Capital Requirements Directive (2013/36/EU) (**CRD IV**), provides for a substantial strengthening of existing prudential rules relating to liquidity and funding. These rules have been further strengthened by the Capital Requirements Regulation II (2019/876) (**CRR II**) and the associated directive, Directive 2019/878 (**CRD V**), both of which were published in the official journal of the EU on 7 June 2019. The EUWA converted the directly applicable elements of CRD IV into UK law on 31 December 2020 and preserved existing UK law implementing the CRD IV directive. Certain elements of the CRR which were 'onshored' in this way have now been transposed into the PRA rules.

Investors should note that the Basel Committee has approved significant changes to the Basel regulatory capital framework (such changes being commonly referred to by the Basel Committee as Basel III, and referred to colloquially, as Basel III in respect of reforms finalised prior to 7 December 2017 and Basel IV in respect of reforms finalised on or following that date), including certain revisions to the securitisation framework. On 30 November 2022, the PRA published a consultation paper (CP 16/22) on the implementation of the Basel IV standards (which the PRA refers to as Basel 3.1) in the UK which on 12 December 2023 was followed by a Policy Statement (PS17/23) and the first of two sets of new near-final rules. The remaining rules are expected to be published in the second quarter of 2024 and together these new rules will revise the CRD IV framework already implemented in the UK. The PRA has proposed a four-and-a-half-year transitional period for implementation that will commence on 1 July 2025. CRD IV requirements adopted in the UK may change further and there may be further changes to the way in which the PRA continues to interpret and apply these requirements to UK banks (including with regard to individual model approvals or otherwise).

The Basel III/IV reforms, which include revisions to the credit risk framework in general and the securitisation framework in particular, may result in increased regulatory capital and/or other prudential requirements in respect of securitisation positions. The Basel Committee continues to work on new policy initiatives. The Basel Committee released a statement on 3 October 2023 which shows good progress among member states in implementing Basel III standards. However, national implementation of the Basel III/IV reforms may vary those reforms (including through making them subject to some level of national variation) and/or their timing. It should also be noted that changes to prudential requirements have been made for insurance and reinsurance undertakings through participating jurisdiction initiatives, such as the Solvency II framework in Europe. Investors in the Master Issuer notes are responsible for analysing their own regulatory position and prudential regulation treatment applicable to the Master Issuer notes and should consult their own advisers in this respect.

There is a risk that changes to the UK's capital adequacy regime (including any increase to minimum leverage ratios) could reduce available capital for new business purposes and adversely affect Santander UK's cost of funding, profitability and ability to pay dividends. Implementing and maintaining existing and new liquidity requirements may incur significant costs, and more stringent requirements to hold liquid assets may materially affect Santander UK's lending business as more funds may be required to acquire or maintain a liquidity buffer, thereby reducing future profitability. This could in turn adversely impact the Master Issuer's operations, financial condition and prospects.

The UK Banking Act 2009 may affect the effectiveness of obligations of certain entities under the transaction documents and result in modifications to such documents

The special resolution regime set out in the Banking Act 2009 (as amended) (the **Banking Act**) provides HM Treasury, the BoE, the PRA and the FCA with a variety of powers for dealing with UK deposit taking institutions (and, in certain circumstances, their holding companies) that are failing or likely to fail, including: (i) to take a bank or bank holding company into temporary public ownership; (ii) to transfer all or part

of the business of a bank to a private sector purchaser; or (iii) to transfer all or part of the business of a bank to a 'bridge bank'. The special resolution regime also comprises a separate insolvency procedure and administration procedure each of which is of specific application to banks. These insolvency and administration measures may be invoked prior to the point at which an application for insolvency proceedings with respect to a relevant institution could be made. The relevant transaction entities for these purposes include the seller, the servicer, the cash manager, the account banks, the Master Issuer cash manager, the sterling account bank, the non-sterling account bank, the principal paying agent, the agent bank, the Funding swap provider and the Master Issuer swap providers and, in certain circumstances, their holding companies.

The Financial Services (Banking Reform) Act 2013 further amended the Banking Act to introduce a UK 'bail-in power' to implement the EU Bank Recovery and Resolution Directive (the **BRRD**), which contains a bail-in power similar to that contained in the Banking Act and required EU member states to provide resolution authorities with the power to write down the claims of unsecured creditors of a failing institution and to convert unsecured claims to equity (subject to certain parameters). The UK bail-in power is an additional power available to the UK resolution authorities under the special resolution regime provided for in the Banking Act. This enables them to recapitalise a failed institution by allocating losses to such institution's shareholders and unsecured creditors, subject to the rights of such shareholders and unsecured creditors to be compensated under a bail-in compensation order.

If an instrument or order were to be made under the provisions of the Banking Act currently in force in respect of the seller, the servicer, the cash manager, the account banks, the Master Issuer cash manager, the sterling account bank, the non-sterling account bank, the principal paying agent, the agent bank, the Funding swap provider or the Master Issuer swap providers, such instrument or order may (amongst other things) affect the ability of such entities to satisfy their obligations under the transaction documents and/or result in the cancellation, modification or conversion of certain unsecured liabilities of such entity under the transaction documents or in other modifications to such documents without your consent. In particular, modifications may be made pursuant to powers permitting (i) certain trust arrangements to be removed or modified, (ii) contractual arrangements between relevant entities and other parties to be removed, modified or created where considered necessary to enable a transferee in the context of a property or share transfer to operate the transferred business effectively, and (iii) in connection with the modification of an unsecured liability through use of the bail-in tool, the discharge of a relevant entity from further performance of its obligations under a contract. In addition, subject to certain conditions, powers would apply to require a relevant instrument or order (and related events) to be disregarded in determining whether certain widely defined "default events" have occurred (which events may include trigger events included in the transaction documents in respect of the relevant entity, including termination events and (in the case of the seller) trigger events in respect of perfection of legal title to the loans). Moreover, other than in the context of certain partial property transfers, nullification or modifications may be made to contractual arrangements between certain group companies for the purposes of continuity of service. If an instrument or order were to be made under the Banking Act, such action may affect various other aspects of the transaction, including resulting in modifications to default event provisions included in the transaction documents as described above and, more generally, the ability of such parties to perform their obligations under the transaction documents. As a result, the making of an instrument or order in respect of a relevant entity as described above may affect the ability of the Master Issuer to meet its obligations in respect of the Master Issuer notes.

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

At present, the UK authorities have not made an instrument or order under the Banking Act in respect of the entities referred to above and there has been no indication that they will make any such instrument or order, but there can be no assurance that this will not change and/or that noteholders will not be adversely affected by any such instrument or order if made.

Finally, regulators in the UK and worldwide have also proposed that additional loss absorbency requirements should be applied to systemically important institutions to ensure that there is sufficient loss absorbing and recapitalisation capacity available in resolution. The Bank of England is required to set the Minimum Requirement for Eligible Liabilities (**MREL**) for all institutions. The Bank of England required most banks, since 1 January 2022, to be in compliance with the end-state MREL requirements, which Santander UK is.

While there is provision for compensation in certain circumstances under the Banking Act, there can be no assurance that noteholders would recover compensation promptly and equal to any loss actually incurred.

Impact of derivative reforms on the Master Issuer swaps or the Funding swaps

As noted above, the Master Issuer notes will have the benefit of certain derivative instruments, namely the Funding swaps and any Master Issuer currency and interest rate swaps in respect of the relevant series and class of Master Issuer notes as specified in the relevant final terms. In this regard, it should be noted that the derivatives markets are subject to extensive regulation in a number of jurisdictions, including in the UK pursuant to UK EMIR, in the EU pursuant to EU EMIR and in the U.S. under the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010.

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 swap agreements, such additional requirements, corresponding increased costs and/or related limitations on the ability of Funding and/or the Master Issuer to hedge certain risks may reduce amounts available to Funding and/or the Master 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 UK EMIR and EU EMIR on the Master Issuer swaps and the Funding swaps**" below for further details.

Impact of UK EMIR and EU EMIR on the Master Issuer swaps and the Funding swaps

UK EMIR and EU EMIR, as amended from time to time, prescribe a number of regulatory requirements for counterparties to derivatives contracts including (i) a mandatory clearing obligation for certain classes of OTC non-cleared derivatives contracts (the **Clearing Obligation**); (ii) collateral exchange, daily valuation and other risk mitigation requirements for uncleared OTC derivatives contracts (the **Risk Mitigation Requirements**); and (iii) certain reporting requirements. In general, the applicability of such regulatory requirements in respect of the Master Issuer swaps and/or the Funding swaps will depend on the classification of the counterparty to such derivative transactions.

Pursuant to UK EMIR and EU EMIR counterparties can be classified as: (i) financial counterparties (**FCs**), and (ii) non-financial counterparties (**NFCs**). The category of "FC" is further split into: (i) financial counterparties above the "clearing threshold" (**FC+s**) and (ii) financial counterparties below the "clearing threshold" (**FC-s**). 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**). FC+ and NFC+ entities may be subject to the Clearing Obligation but the Clearing Obligation does not apply to FC- and NFC- entities. To the extent that the relevant swaps are not cleared, the margin requirements and the daily valuation obligation under the Risk Mitigation Requirements may apply to FC-, FC+ and NFC+ entities, but do not apply to NFC- entities.

Each of the Master Issuer and Funding is currently categorised as an NFC- under UK EMIR and EU EMIR (although a change in its position cannot be ruled out). Should the status of the Master Issuer and/or Funding change under UK EMIR and/or EU EMIR, this may result in the application of the relevant Clearing Obligation or the margin requirement under the Risk Mitigation Requirements (the **Margin Obligation**) (as it seems unlikely that any of the swap agreements would be subject to the Clearing Obligation under UK EMIR or EU EMIR).

However, no assurances can be given that any future changes made to UK EMIR and/or EU EMIR, including any relevant technical standards, would not cause the status of the Master Issuer and/or Funding to change and lead to some or all of the potentially adverse consequences (including the application of the Clearing Obligation or the Risk Mitigation Requirements) outlined above. The position of the swap agreements

under each of the Clearing Obligation and the Margin Obligation may be affected by further regulatory measures. If the classification of the Master Issuer or Funding changes and, to the extent relevant, one or more of the swap agreements is in-scope, then a swap agreement entered into or materially amended at a relevant time may become subject to the Clearing Obligation or, more likely, to the Margin Obligation.

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

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 swap agreements, such additional requirements, corresponding increased costs and/or related limitations on the ability of Funding and/or the Master Issuer to hedge certain risks may reduce amounts available to Funding and/or the Master Issuer to meet its obligations and may result in investors' receiving less interest or principal than expected.

The seller (as originator) may procure a UK STS notification to be submitted to the FCA, with respect to the issuance of a series of notes. The UK STS designation (to the extent applicable to a series of notes) and any related exemptions from the Margin Obligation and the Clearing Obligation are only likely to become relevant should the status under UK EMIR and/or EU EMIR of the Master Issuer and/or Funding change from NFC- to NFC+ or FC and, if applicable, should the Master Issuer swaps and/or Funding swaps become subject to the Clearing Obligation.

Additionally, amendments relating to UK EMIR and/or EU EMIR (as applicable) may be made to the transaction documents and/or the terms and conditions applying to notes of any one or more series without the consent of the noteholders of any series and without the consent of the other Master Issuer secured creditors. Furthermore, amendments relating to UK EMIR and/or EU EMIR (as applicable) may be made to the transaction documents by the security trustee without the consent of the Funding secured creditors. In each case, amendments relating to UK EMIR and/or EU EMIR (as applicable) may be made irrespective of whether such modifications are materially prejudicial to the interests of any noteholder or any other secured creditor, provided such modifications do not relate to a basic terms modification.

The Funding secured creditors, the Master Issuer secured creditors and the noteholders shall be deemed to have instructed the note trustee or the security trustee, as applicable, to concur with such modifications and shall be bound by such modifications regardless of whether or not such modifications are materially prejudicial to the interests of the Funding secured creditors, the Master Issuer secured creditors and/or the noteholders. Consequently, modifications which affect your interests in any Master Issuer notes may be effected without your consent, and any such modifications will be binding on all noteholders. There can be no assurance that the effect of any such modifications will not ultimately adversely affect your interests in any Master Issuer notes.

Changes of law may adversely affect your interests

The transactions described in this base prospectus (including the issue of Master Issuer notes) and the ratings which are to be assigned to the Master Issuer rated notes are based on the relevant law and administrative practice in effect as at the date of this base prospectus and having regard to the expected tax treatment of all relevant entities under such law and practice. The Master Issuer cannot provide assurance as to the impact of any possible change to the relevant law (including any change in regulation, guidance or regulatory approach which may occur without a change in primary legislation), administrative practice in the UK or to UK taxation law or the practice of HM Revenue and Customs (**HMRC**), in each case after the date of this document nor can the Master Issuer provide any assurance as to whether any such change would adversely affect the ability of the Master Issuer to make payments under the Master Issuer notes. In addition, it should be noted that regulatory requirements (including any applicable retention, due diligence or disclosure obligations) may be recast or amended and there can be no assurance that any such changes will not

adversely affect the compliance position of a transaction described in this base prospectus or of any party under any applicable law or regulation.

Enterprise Act 2002

On 15 September 2003, the corporate insolvency provisions of the Enterprise Act 2002 (the **Enterprise Act**) came into force, amending certain provisions of the Insolvency Act 1986, as amended (the **Insolvency Act**). These provisions introduced significant reforms to corporate insolvency law. In particular the reforms restrict the right of the holder of certain types of floating charge created after 15 September 2003 to appoint an administrative receiver (unless an exception applies) and instead gives primacy to collective insolvency procedures (in particular, administration).

The holder of a floating charge created before 15 September 2003 over the whole or substantially the whole of the assets of a company (such as the security trustee under the Funding deed of charge) retains the ability to block the appointment of an administrator by appointing an administrative receiver, who has a duty to act primarily in the interests of the floating charge holder.

The amendments to the Insolvency Act introduced by the Enterprise Act 2002 include an exception allowing for the appointment of an administrative receiver in relation to a floating charge created on or after 15 September 2003 in respect of certain transactions in the capital markets. The right to appoint an administrative receiver is retained for certain types of security (such as the Master Issuer security under the Master Issuer deed of charge) that form part of a capital markets arrangement (as defined in the Insolvency Act) that involves (i) indebtedness of at least £50,000,000 (or, when the relevant security document was entered into (being in respect of the transactions described in this base prospectus, the Master Issuer deed of charge), a party to the relevant transaction (such as the Master Issuer) was expected to incur a debt of at least £50,000,000) and (ii) the issue of a capital markets investment (also defined but generally a rated, listed or traded bond). The relevant Secretary of State may, by secondary legislation, modify this exception and/or provide that the exception shall cease to have effect. No assurance can be given that any such modification or provision in respect of the capital market exception, or its ceasing to be applicable to the transactions described in this base prospectus, will not adversely affect the interests of noteholders and other secured creditors of the Master Issuer. While the Master Issuer security should fall within the relevant exception, as the provisions of the Enterprise Act in relation to the capital market exception have never been considered judicially, no assurance can be given as to whether the Enterprise Act could have a detrimental effect on the transactions described in this base prospectus or on the interests of noteholders.

The Insolvency Act also contains an out-of-court route into administration for a qualifying floating charge holder, the directors or the company itself. The relevant provisions provide for a notice period during which the holder of the floating charge can either agree to the administrator proposed by the directors of the company or appoint an alternative administrator, although an interim moratorium on enforcement of the relevant security will take effect immediately after notice is given. If the qualifying floating charge holder does not respond to the directors' or company's notice of intention to appoint, the directors', or as the case may be, the company's appointee will automatically take office after the notice period has elapsed and the statutory moratorium will commence. Where the holder of a qualifying floating charge within the context of a capital market transaction retains the power to appoint an administrative receiver, such holder may prevent the appointment of an administrator (either by the new out-of-court route or by the court based procedure), by appointing an administrative receiver prior to the appointment of the administrator being completed.

The provisions of the Insolvency Act introduced by the Enterprise Act give primary emphasis to the rescue of the company as a going concern. The purpose of realising property to make a distribution to one or more secured creditors is subordinated to the primary purposes of rescuing the company as a going concern or achieving a better result for the creditors as a whole than would be likely if the company were wound up. No assurance can be given that such primary purpose will not conflict with the interests of noteholders were the Master Issuer or Funding ever subject to administration.

In addition to the restrictions on the appointment of an administrative receiver set out above, Section 176A of the Insolvency Act provides that in relation to floating charges created from and including 15 September 2003 any receiver (including an administrative receiver), liquidator or administrator of a company is required to make a "prescribed part" of the company's "net property" available for the satisfaction of unsecured debts in priority to the claims of the floating charge holder. The company's "net property" is defined as the amount of the chargor's property which would be available for satisfaction of debts due to the

holder(s) of any debentures secured by a floating charge and so refers to any floating charge realisations less any amounts payable to the preferential creditors or in respect of the fees or expenses of the liquidation or administration. The "prescribed part" is defined in the Insolvency Act 1986 (Prescribed Part) Order 2003 (SI 2003/2097) as amended by the Insolvency Act 1986 (Prescribed Part) (Amendment) Order 2020 to be an amount equal to 50 per cent. of the first £10,000 of floating charge realisations plus 20 per cent. of the floating charge realisations thereafter, provided that such amount may not exceed £800,000.

This obligation does not apply if the net property is less than a prescribed minimum and the relevant officeholder is of the view that the cost of making a distribution to unsecured creditors would be disproportionate to the benefits. In such a case, the relevant officeholder may apply to court for an order that the provisions of Section 176A of the Insolvency Act should not apply.

Floating charge realisations upon the enforcement of the Master Issuer security may be reduced by the operation of the "ring fencing" provisions described above, which could cause a delay or reduction in the payments you receive on or in connection with your Master Issuer notes.

Corporate Insolvency and Governance Act

The Corporate Insolvency and Governance Act (**CIGA**) came into force on 26 June 2020. The CIGA introduced significant new corporate restructuring tools to the UK insolvency regime. The principal elements of the CIGA are: (i) a moratorium regime that certain eligible companies can use to prevent creditors taking certain actions against the company for a specified period, (ii) a ban on operation of or exercise of *ipso facto* clauses preventing (subject to exemptions) termination, variation or exercise of other rights under certain contracts arising out of a counterparty entering into certain insolvency-related events (the "*ipso facto termination provisions*") and (iii) a court-supervised compromise procedure under Part 26A of the Companies Act 2006 (the **restructuring plan**) that allows a company to propose a restructuring (similar to a scheme of arrangement) but importantly with the ability of potentially imposing the restructuring on creditors and/or shareholders without their consent (so-called cross-class cram-down), subject to certain conditions being met and the court being convinced to exercise its discretionary power to sanction the restructuring plan.

While the Master Issuer is expected to be exempt from the application of the moratorium regime (given it does not apply to parties who form part of a "capital market arrangement") and the ban on *ipso facto* clauses, there is limited guidance on how the legislation will be interpreted (given the insufficient jurisprudence since it came into force) and the Secretary of State may by regulations modify the exceptions. It is therefore possible that aspects of the legislation may change.

While the transaction structure is designed to minimise likelihood of the Master Issuer becoming insolvent and/or subject to pre-insolvency restricting proceedings, no assurance that the Master Issuer will not become insolvent and/or the subject of insolvency proceedings or pre-insolvency restructuring proceedings and/or that the Master Issuer noteholders would not be adversely affected by the application of insolvency laws (including English or Scots insolvency laws or the laws affecting the creditor's rights generally).

Land registration reform in Scotland

The Land Registration etc. (Scotland) Act 2012 (the **2012 Act**) came into force in Scotland on 8 December 2014. One of the policy aims of the 2012 Act is to encourage the transfer of property titles recorded in the historic General Register of Sasines to the more recently established Land Register of Scotland with the aim of closing the General Register of Sasines by 2024.

Title to a residential property that is recorded in the General Register of Sasines is required to be moved to the Land Register of Scotland (a process known as "first registration") when that property is sold or if the owner decides voluntarily to commence first registration. However, the 2012 Act sets out, in provisions which are being brought into effect in stages, additional circumstances which will trigger first registration of properties recorded in the General Register of Sasines, including where an application is made to record an assignation of a standard security over a property recorded in the General Register of Sasines. This would include any assignation granted by the seller in favour of the mortgages trustee in respect of Scottish mortgages in the portfolio recorded in the General Register of Sasines, pursuant to the terms of the mortgage sale agreement (a **Scottish Sasine Transfer**). As the relevant provisions relating to such assignations have not yet been brought into force, Scottish Sasine Transfers will continue to be accepted in the General Register of Sasines for the time being (although Registers of Scotland have reserved the right to consult further on this).

If such provisions were to be brought into force at any time after the date of this base prospectus however, an application to record a Scottish Sasine Transfer would trigger a first registration and would likely result in higher legal costs and a longer period to complete registration than would previously have been the case, which could reduce the amounts available to the Master Issuer to make payments on the Master Issuer notes.

As noted above, such events will only occur following a trigger event to perfect legal title of the loans and, given that the proportion of residential properties in Scotland which remain recorded in the General Register of Sasines continues to decline (the Registers of Scotland estimate that, as at February 2024, approximately 87 per cent. of functional property titles in Scotland were registered in the Land Register of Scotland), it is likely that, in relation to the current portfolio, where, as at 31 March 2024, 7.82 per cent. of the mortgaged properties were located in Scotland, only a minority of the Scottish mortgages will be recorded in the General Register of Sasines.

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, several cases have focused on provisions involving the subordination of a swap counterparty's payment rights in respect of certain termination payments upon the occurrence of insolvency proceedings or other default on the part of such counterparty (so-called "**flip clauses**"). Such provisions are similar in effect to the terms in the transaction documents relating to the subordination of swap excluded termination amounts.

The UK Supreme Court held in *Belmont Park Investments Pty Limited v BNY Corporate Trustee Services Ltd and Lehman Brothers Special Financing Inc* [2011] UKSC 38 that a flip clause (as described above) is valid under English law. Contrary to this, however, a U.S. Bankruptcy Court has held in separate cases that such a subordination provision is unenforceable under U.S. bankruptcy law and that any action to enforce such provision would violate the automatic stay which applies under such law in the case of a U.S. bankruptcy of the counterparty. However, a subsequent 2016 U.S. Bankruptcy Court decision held that in certain circumstances flip clauses are protected under the U.S. Bankruptcy Code and therefore enforceable in bankruptcy. The 2016 decision was affirmed on 14 March 2018 by the U.S. District Court for the Southern District of New York, which 2018 decision was further affirmed on 11 August 2020 by the U.S. Court of Appeals for the Second Circuit. The implications of these conflicting judgments remain unresolved.

If a creditor of the Master Issuer (such as a Master Issuer 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 Master 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 a Master Issuer swap provider's payment rights in respect of Master Issuer swap excluded termination amounts). In particular, based on the decisions of the U.S. Bankruptcy Court referred to above, there is a risk that such subordination provisions would not be upheld under U.S. bankruptcy laws. Such laws may be relevant in certain circumstances with respect to the swap counterparties (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 were 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 Master Issuer notes and/or the ability of the Master Issuer to satisfy its obligations under the Master Issuer rated 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 Master Issuer swap excluded termination amounts, there is a risk that the final outcome of the dispute in such judgments (including any recognition action by the English courts) may result in negative rating pressure in respect of the Master Issuer rated notes. If any rating assigned to the Master Issuer rated notes is lowered, the market value of the Master Issuer notes may be reduced.

Pensions Act 2004

Under the Pensions Act 2004 a person who 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 Master Issuer, Funding and/or the mortgages trustee may be treated as connected to Santander UK, as an employer, under an occupational pension scheme which is within the Santander UK Group.

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

A financial support direction could be served on Santander UK and to the Master Issuer, Funding and/or the mortgages trustee if connected to Santander UK where Santander UK as the employer is either a service company or insufficiently resourced. An employer is insufficiently resourced if the value of its resources is 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 UK 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 Master Issuer, Funding and/or the mortgages trustee this could adversely affect the interests of the noteholders.

Changes in UK legislation and regulation including through the Pension Schemes Act 2021 to address perceived failings in pension protection following recent high profile company insolvencies with large pension deficits may also affect the Santander UK Group's position. Specific areas where concerns have been raised are levels of dividends where there is a pension scheme with a deficit and the length of time taken to address deficits. These changes in legislation or regulation could result in the Santander UK Group having to make increased contributions to reduce or satisfy the deficits which would divert resources from use in other areas of its business and reduce its capital resources, which could, in turn, have a material adverse effect on its ability to perform its various roles under the programme and in particular as seller of loans to the mortgages trust and servicer of such loans. This may adversely affect the Master Issuer's ability to perform its obligations in respect of the Master Issuer notes.

Pension Schemes Act 2021

The Pension Schemes Act 2021, the relevant provisions of which came into force on 1 October 2021, amends the Pensions Act 2004 (the **Act**) by adding two new grounds under which the UK Pensions Regulator can issue a contribution notice. Under the Act (as amended), the UK Pensions Regulator can issue a contribution notice (i) where it believes that an act or failure to act has materially reduced the amount of the estimated debt from the employer under Section 75 of the Pensions Act 1995 that a defined benefit scheme would likely have recovered if a Section 75 debt had been triggered immediately after the act or failure to act, and (ii) where the UK Pensions Regulator believes that an act or failure to act has reduced the value of the employer's resources and this reduction is material relative to a defined benefit scheme's estimated Section 75 debt.

The Act (as amended) makes it a criminal offence to fail to comply with a contribution notice. This is punishable by an unlimited fine.

The Act (as amended) also introduces two standalone criminal offences in relation to defined benefit pension schemes. The first offence is where a person does an act or engages in a course of conduct, or a failure to act, which (i) prevents the pension scheme from recovering a debt due from the employer under Section 75 of the Pensions Act 1995, (ii) prevents a Section 75 debt becoming due, (iii) compromises or settles a Section 75 debt, or (iv) reduces the amount of any Section 75 debt which would otherwise become due. The person must have intended that their action would have this effect and must not have had a reasonable excuse for doing the act or engaging in the course of conduct or failure to act.

The second offence is committed where a person does an act or engages in a course of conduct, or a failure to act, which detrimentally affects in a material way the likelihood of accrued scheme benefits being received. The person must have known, or ought to have known, that what their actions or failure to act would have such an effect and must not have had a reasonable excuse for doing the act or engaging in the course of conduct or failure to act.

Regulatory guidance on the offences and on what constitutes a reasonable excuse was published by the UK Pensions Regulator on 29 September 2021.

As these offences apply to any "person" involved with the activity in question, Santander UK, the Master Issuer, Funding and/or the mortgages trustee (and their directors, employees and advisers) could be caught by the new offences if they were involved in any action which constituted an offence.

The Act (as amended) also introduces new powers for the UK Pensions Regulator to issue civil penalties of up to £1 million in certain circumstances. The first is where a person engages in an act or a deliberate failure to act (or knowingly assists in the act or failure) the main purpose, or one of the main purposes of which, was (i) to prevent the pension scheme from recovering a debt due from the employer under Section 75 of the Pensions Act 1995, (ii) to prevent a Section 75 debt becoming due, (iii) to compromise or settle a Section 75 debt, (iv) to reduce the amount of any Section 75 debt which would otherwise become due and it was not reasonable for the person to act or fail to act in the way they did.

The second circumstance in respect of which the UK Pensions Regulator can issue a civil penalty is where a person engages in an act or a deliberate failure to act (or knowingly assists in the act or failure) that materially risks accrued scheme benefits, where the person knew or ought to have known that the act or failure would have that effect and where it was not reasonable for the person to act or fail to act in that way. As these civil penalties apply to any "person" involved with the activity in question, the Master Issuer, Santander UK, Funding and/or the mortgages trustee (and their directors, employees and advisers) could be caught by the new civil penalties if they were involved in any action or failure to act which constituted a civil penalty.

The UK Pensions Regulator may also issue civil fines where the recipient of a contribution notice, without reasonable excuse, fails to comply with the contribution notice, as well as in respect of certain other breaches.

If a criminal or civil action is taken against Santander UK, the Master Issuer, Funding and/or the mortgages trustee this could adversely affect the interests of the noteholders. There is also a risk of reputational damage, if the scheme fails to comply with legislation or if there are any issues with members or the trustee being dissatisfied.

Regulatory initiatives may have an adverse impact on the regulatory treatment of the Master Issuer notes

In the UK, Europe, the U.S. and elsewhere there is increased political and regulatory scrutiny of the asset-backed securities industry. This has resulted in a raft of measures for increased regulation which are currently at various stages of implementation and which may have an adverse impact on the regulatory position for certain investors in securitisation exposures and/or on the incentives for certain investors to hold asset-backed securities, and may thereby affect the liquidity of such securities. Investors in the Master Issuer notes are responsible for analysing their own regulatory position and none of the Master Issuer, the arranger, the dealers or the seller or any of their affiliates makes any representation to any prospective investor or purchaser of the Master Issuer notes regarding the regulatory treatment of their investment on the closing date or at any time in the future.

In addition to the regulatory capital requirements set out in "**Implementation of and/or changes to the Basel framework may affect the capital requirements and/or the liquidity requirements associated with a holding of the Master Issuer notes for certain investors**" above, investors should be aware of the UK and EU risk retention and due diligence requirements which currently apply, or are expected to apply in the future, in respect of various types of UK and EU regulated investors including credit institutions, authorised alternative investment fund managers, investment firms, insurance and reinsurance undertakings, UCITS funds and institutions for occupational retirement provision. Amongst other things, current requirements restrict a relevant investor from investing in asset-backed securities unless (i) that investor is able to demonstrate that it has undertaken certain due diligence in respect of various matters including its note position, the underlying

assets and (in the case of certain types of investors) the relevant sponsor or originator and (ii) the originator, sponsor or original lender in respect of the relevant securitisation has explicitly disclosed to the investor that it will retain, on an on-going basis, a net economic interest of not less than 5 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 Master Issuer 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. In this respect investors should note the risk factors above "*UK Securitisation Regulation*", "*EU Securitisation Regulation*" and "*Simple, Transparent and Standardised (STS) Securitisations*".

The matters described above and any other changes to the regulation or regulatory treatment of the Master Issuer 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 Master Issuer notes in the secondary market.

REGULATORY RISKS RELATING TO THE MASTER ISSUER NOTES

Classification of the mortgages trust

The mortgages trust under the programme is structured as a bare trust. Funding and the seller have day-to-day control of the portfolio and the mortgages trustee acts on their instructions. Therefore, as currently structured, the Master Issuer does not expect that UK regulatory authorities will deem the mortgages trust to be a collective investment scheme. However, the law surrounding the classification of the mortgages trust is uncertain and, if the mortgages trust were deemed to be a collective investment scheme by the UK regulatory authorities, this could result in changes to its tax and/or regulatory treatment.

Tax payable by Funding or the Master Issuer may adversely affect the Master Issuer's ability to make payments on the Master Issuer notes

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

RISKS RELATING TO THE CHARACTERISTICS OF THE NOTES

You will not generally receive Master Issuer notes in physical form, which may cause delays in distributions and hamper your ability to pledge or resell the Master Issuer notes

Unless the global notes are exchanged for definitive notes, which will only occur under a limited set of circumstances, your beneficial ownership of the Master Issuer notes will only be recorded in book-entry form with DTC, Euroclear or Clearstream, Luxembourg. The lack of Master Issuer notes in physical form could, among other things:

- result in payment delays on the Master Issuer notes because the Master Issuer will be sending distributions on the Master Issuer notes to DTC, Euroclear or Clearstream, Luxembourg instead of directly to you;
- make it difficult for you to pledge the Master Issuer notes if Master Issuer notes in physical form are required by the party demanding the pledge; and
- hinder your ability to resell the Master Issuer notes because some investors may be unwilling to buy Master Issuer notes that are not in physical form.

The remarketing bank may not be able to remarket money market notes and payments from a conditional note purchaser may not be sufficient to repay money market notes

The ability of the remarketing bank to procure payment of the transfer price on a transfer date will depend upon the remarketing bank either (a) procuring third party purchasers for any tendered notes prior to the relevant transfer date and obtaining the transfer price from those third party purchasers or (b) exercising its rights under the conditional purchase agreement to require the conditional note purchaser to acquire the unremarketed notes.

There can be no assurance that the remarketing bank will be able to identify purchasers willing to acquire the tendered notes on a transfer date. In such event the transfer of any unremarketed notes would be dependent upon the ability of the conditional note purchaser to pay the transfer price and acquire the unremarketed notes.

You should consider carefully the risk posed if your tendered notes cannot be remarketed on a transfer date and either (a) the conditions to the conditional note purchaser's obligation to purchase unremarketed notes are not satisfied or (b) the conditional note purchaser defaults in its obligation to purchase unremarketed notes under the conditional purchase agreement. In those situations noteholders may be unable to sell the Master Issuer notes on the relevant transfer date or at any other time.

In addition, you will have no recourse against the Master Issuer, the conditional note purchaser or the remarketing bank for any default or failure to purchase by the conditional note purchaser under the conditional purchase agreement or default or failure to remarket by the remarketing bank under the remarketing agreement. Although the parties to these agreements may be able to enforce them, they have no obligation to do so.

TRIGGERS TABLES

References to any rating or rating criteria or methodology of Fitch, Moody's or S&P are to be construed as applying only if and for so long as any Master Issuer notes rated by Fitch, Moody's or S&P, as applicable, remain outstanding.

Rating Triggers Table

<u>Transaction Party</u>	<u>Required Ratings/Triggers</u>	<u>Possible effects of Trigger being breached include the following</u>
Seller	<p>The seller ceases to be assigned a long-term unsecured, unsubordinated and unguaranteed debt obligations rating from S&P of BBB- or more, or from Moody's of Baa3 or more, or ceases to have a long-term issuer default rating (IDR) from Fitch of BBB- or more.</p> <p>The short-term, unsecured, unguaranteed and unsubordinated debt obligations of the seller are not rated at least P-2 by Moody's and A-3 by S&P and that the short-term IDR of the seller is at least F2 by Fitch at the time of, and immediately following, the assignment of new loans to the mortgages trustee.</p> <p>Its long term unsecured, unsubordinated and unguaranteed debt obligations cease to be assigned a rating of Baa2 or more from Moody's and BBB or more from S&P and if the seller ceases to have an IDR of BBB or more from Fitch.</p> <p>Its long term unsecured, unsubordinated and unguaranteed debt obligations cease to be assigned a rating of Baa3 or more from Moody's and BBB- or more from S&P and if the seller ceases to have an IDR of BBB- or more from Fitch.</p> <p>Its long term unsecured, unsubordinated and unguaranteed debt obligations cease to be rated at least A3 by Moody's (unless Moody's confirms that the then current ratings of any Master Issuer rated notes then outstanding or any rated debt instruments of a Funding company (if applicable) then outstanding will not be</p>	<p>The legal assignment of loans to the mortgages trustee shall be completed on the fifth London Business Day after the occurrence of the trigger.</p> <p>Within 25 London business days following such completion, the seller will do such acts or things as are required to perfect transfer of the related security.</p> <p>New loans may not be assigned to the mortgages trustee unless otherwise agreed by Moody's, S&P or Fitch, as the case may be.</p> <p>The seller shall deliver to the mortgages trustee, Funding, the Security Trustee and the Rating Agencies draft letters of notice to each of the borrowers of the sale and purchase of their loans pursuant to the mortgage sale agreement.</p> <p>The seller shall serve notice on each of the borrowers of the sale and purchase of their loans pursuant to the mortgage sale agreement.</p> <p>Funding required to establish a liquidity reserve fund.</p>

downgraded, withdrawn or qualified as a result of the ratings downgrade).

Its short-term, unsecured, unguaranteed and unsubordinated debt obligations are not rated at least P-2 by Moody's and A-2 by S&P and the short-term IDR is at least F2 by Fitch at the time of, and immediately following a proposed acquisition.

Its long-term, unsecured, unguaranteed and unsubordinated debt obligations fall below A3 by Moody's.

An offer by Funding to make a payment to the seller to acquire an interest in the trust property with the effect of increasing the funding share and to cause a corresponding decrease in the seller share shall not be valid unless otherwise agreed by Moody's, S&P or Fitch, as the case may be.

The beneficiaries shall appoint a firm of independent auditors to determine, based on a random selection of a representative sample of loans and their related security constituting the trust property, whether such loans and their related security complied with the representations and warranties set out in Schedule 1 to the mortgage sale agreement as at the date such loans were assigned to the mortgages trustee.

Servicer

Receipt by the servicer of notice that the short-term, unsecured, unsubordinated and unguaranteed, debt of the servicer is rated less than A-1 by S&P and P-1 by Moody's and that the servicer's short term IDR is lower than F1 by Fitch.

The servicer shall use reasonable endeavours to ensure that the title deeds (and the customer files) are located separately from the title deeds and customer files of other properties and mortgages which do not form part of the portfolio

Guarantor of the Funding swap provider or Funding swap provider in respect of the Funding Swap Agreement in relation to fixed rate loans

S&P: For so long as the relevant notes are rated by S&P, the S&P required ratings (set out in the table below) apply, as though each reference therein to S&P relevant notes were a reference to the notes corresponding to the relevant Funding swap.

The relevant S&P required ratings depend on which S&P framework is elected by the Funding swap provider from time to time (the **S&P framework**) and the rating of the notes corresponding to the relevant Funding swap. There are four S&P frameworks; Strong, Adequate, Moderate and Weak. On the date of the Funding Swap Agreement, the provisions relating to S&P framework Adequate are elected.

First Requisite Ratings:

S&P: The Funding swap provider and any applicable guarantor fails to have any S&P

First Requisite Ratings:

S&P: The Funding swap provider must provide collateral within 10 business days (to the extent

initial required rating where S&P framework Strong, Adequate or Moderate applies.

required depending on the value of the Funding swap) unless it (i) transfers its obligations to an entity that is eligible to be a swap provider under the S&P ratings criteria, (ii) obtains a guarantee from an entity with the S&P subsequent required ratings, or (iii) takes such other action as is required to maintain, or restore, the rating of the notes corresponding to the relevant Funding swap.

Funding may terminate the relevant Funding swap if the Funding swap provider fails to provide collateral in respect of the Funding swap in the relevant time period (to the extent the Funding swap provider is required to do so).

Second Requisite Ratings

S&P: The Funding swap provider and any applicable guarantor fails to have any S&P subsequent required rating where S&P framework Strong, Adequate or Moderate applies.

S&P: The Funding swap provider must use its commercially reasonable efforts to, within 90 calendar days, either (i) transfer its rights and obligations to an entity that is eligible to be a swap provider under the S&P ratings criteria, (ii) obtain a guarantee from an entity with at least the S&P subsequent required ratings, or (iii) take such other action as is required to maintain, or restore, the rating of the notes corresponding to the relevant Funding swap.

Whilst this process is on-going, the Funding swap provider must also provide collateral within 10 business days (to the extent required depending on the value of the Funding swap).

Funding may terminate the relevant Funding swap if the Funding swap provider fails to provide collateral in respect of the Funding swap in the relevant time period (to the extent the Funding swap provider is required to do so). Funding may also terminate the relevant Funding swap if the Funding swap provider either fails

to use its commercially reasonable efforts to take the relevant actions or the relevant time period has expired.

The Funding swap provider and any applicable guarantor fails to have any S&P required rating where S&P framework Weak applies.

The Funding swap provider must use its commercially reasonable efforts to, within 90 calendar days, either (i) transfer its obligations to an entity that is eligible to be a swap provider under the S&P ratings criteria, (ii) obtain a guarantee from an entity with at least the S&P subsequent required ratings, or (iii) take such other action as is required to maintain, or restore, the rating of the notes corresponding to the relevant Funding swap.

There is no requirement to provide collateral whilst the process is on-going.

Funding may terminate the relevant Funding swap if the Funding swap provider either fails to use its commercially reasonable efforts to take the relevant actions or the relevant time period has expired.

S&P required ratings: The S&P required ratings are set out in the tables below.

Current rating of the relevant notes	S&P framework Strong		S&P framework Adequate		S&P framework Moderate		S&P framework Weak
	S&P initial required rating	S&P subsequent required rating	S&P initial required rating	S&P subsequent required rating	S&P initial required rating	S&P subsequent required rating	S&P required rating
AAA	A-	BBB+	A-	A-	A	A	A+
AA+	A-	BBB+	A-	A-	A-	A-	A+
AA	A-	BBB	BBB+	BBB+	A-	A-	A
AA-	A-	BBB	BBB+	BBB+	BBB+	BBB+	A-
A+	A-	BBB-	BBB	BBB	BBB+	BBB+	A-
A	A-	BBB-	BBB	BBB	BBB	BBB	BBB+
A-	A-	BBB-	BBB	BBB-	BBB	BBB	BBB+
BBB+	A-	BBB-	BBB	BBB-	BBB	BBB-	BBB
BBB	A-	BBB-	BBB	BBB-	BBB	BBB-	BBB
BBB-	A-	BBB-	BBB	BBB-	BBB	BBB-	BBB-
BB+ and below	A-	At least as high as 3 notches below the relevant notes rating	BBB	At least as high as 2 notches below the relevant notes rating	BBB	At least as high as 1 notch below the relevant notes rating	At least as high as the relevant notes rating

The Funding swap provider or any relevant guarantor will have the relevant S&P required rating if the issuer credit rating or its resolution counterparty rating assigned by S&P is at least as high as the applicable S&P required rating corresponding to the then current rating of the relevant notes and the applicable S&P framework as specified in the above table.

First Requisite Ratings:

Moody's: the guarantor of the Funding swap provider or Funding swap provider has a long term counterparty risk assessment from Moody's of A3(cr) or above or, if a counterparty risk assessment is not available for such entity, if its long-term, unsecured and unsubordinated debt or counterparty obligations are rated "A3" or above by Moody's

Second Requisite Ratings:

Moody's: the guarantor of the Funding swap provider or Funding swap provider has a long term counterparty risk assessment from Moody's of Baa1(cr) or above or, if a counterparty risk assessment is not available for such entity, if its long-term, unsecured and unsubordinated debt or counterparty obligations are rated "Baa1" or above by Moody's.

First Requisite Ratings:

Fitch: the guarantor of the Funding swap provider or Funding swap provider fails to have the "Unsupported Minimum Counterparty Rating" set out in the "Fitch Required Ratings" table below as determined against the then current rating of the relevant notes.

First Requisite Ratings:

Moody's: If neither the Funding swap provider nor any guarantor in respect of the Funding swap provider has the First Requisite Rating, the Funding swap provider is required to post collateral within 30 business days.

Second Requisite Ratings:

Moody's: If neither the Funding swap provider nor any guarantor in respect of the Funding swap provider has the Second Requisite Rating, the Funding swap provider is required to post collateral within 30 business days and, as soon as reasonably practicable, to either (a) transfer its relevant rights and obligations under the Funding swap agreement to an appropriately rated replacement third party; (b) procure an appropriately rated third party to guarantee its rights and obligations; or (c) take such other action as may be agreed with Moody's

First Requisite Ratings:

Fitch: If neither the Funding swap provider nor any guarantor in respect of the Funding swap provider has the First Requisite Rating, the Funding swap provider must either:

- (a) if required, post collateral within 14 calendar days; or
- (b) within 30 calendar days either (i) transfer its relevant rights and obligations under the Funding Swap Agreement to an

appropriately rated replacement third party, or (ii) procure a co-obligation or guarantee from an appropriately rated third party; or

- (c) take such other action as may be agreed with Fitch

provided that, pending the taking of any of the actions in (b)(i) to (iii), it posts collateral within 14 days as required under (a) above.

Second Requisite Ratings:

Fitch: the guarantor of the Funding swap provider or Funding swap provider fails to have the “Supported Minimum Counterparty Rating” set out in the “Fitch Required Ratings” table below as determined against the then current rating of the relevant notes.

Second Requisite Ratings:

Fitch: if neither the Funding swap provider nor any guarantor in respect of the Funding swap provider has the Second Requisite Rating, the Funding swap provider is required, within 30 calendar days, to either (i) transfer its relevant rights and obligations under the Funding swap agreement to an appropriately rated replacement third party, or (ii) procure a guarantee from an appropriately rated third party; or (iii) take such other action as may be agreed with Fitch

provided that, pending the taking of any of the actions in (i) to (iii), if required, it posts collateral within 10 calendar days.

A failure by the Funding swap provider to take such steps will, in certain circumstances, allow Funding to terminate the relevant Funding swap(s).

Fitch required ratings:

Current rating of relevant notes	Unsupported Minimum Counterparty Rating	Supported Minimum Counterparty Rating	Supported Minimum Counterparty Rating (adjusted)
AAAsf	A or F1	BBB- or F3	BBB+ or F2
AA+sf, AAAsf, 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 relevant notes	B+	BB-
B+sf or below	At least as high as the relevant notes	B-	B-
No relevant notes in issue	N/A	N/A	N/A

Guarantor of the Master Issuer swap provider or Master Issuer swap provider.

Under each of the Master Issuer swap agreements, in the event that the relevant rating(s) of a Master Issuer swap provider, or its respective guarantor or co-obligor, as applicable, is or are, as applicable, downgraded by a rating agency below the ratings specified in the relevant Master Issuer swap agreement (in accordance with the requirements of the rating agencies) for such Master Issuer swap provider, and, where applicable, as a result of the downgrade, the then current ratings of the Master Issuer notes corresponding to the relevant Master Issuer swap, would or may, as applicable, be adversely affected, the relevant Master Issuer swap provider will, if required in accordance with the relevant Master Issuer swap, be required to take certain remedial measures which may include providing collateral for its obligations under the relevant Master Issuer swap, arranging for its obligations under the relevant Master Issuer swap to be transferred to an entity with the rating(s) required by the relevant rating agency as specified in the relevant Master Issuer swap agreement (in accordance with the requirements of the relevant rating agency), procuring another entity with the rating(s) required by the relevant rating agency as specified in the relevant Master Issuer swap agreement (in accordance with the requirements of the relevant rating agency), to become co-obligor or guarantor in respect of its obligations under the relevant swap, or taking such other action as it may agree with the relevant rating agency.

Please see the relevant Master Issuer swap agreement for further details on the required ratings and triggers in respect of a particular Master Issuer swap.

A failure by the relevant Master Issuer swap provider to take such steps will, in certain circumstances, allow the Master Issuer to terminate the relevant Master Issuer swap.

Account bank A under the bank account agreement

the short-term, unsubordinated, unguaranteed and unsecured debt obligation ratings of account bank A fall below P-1 by Moody's; or (ii) the short-term and long-term IDR of account bank A fall below F1 and A respectively by Fitch; or (iii) account bank A ceases to have unsubordinated, unguaranteed and unsecured debt obligation ratings of at least A-1 short-term and A long-term (or, if the relevant account bank has no short-term rating from S&P, at least A+ long-term) by S&P;

Within 60 calendar days (in respect of such downgrade by Moody's or Fitch) or 90 calendar days (in respect of such downgrade by S&P), Funding and/or the cash manager:

- (a) procures a guarantee of the obligations of account bank A in respect of the provision of the Funding transaction account from a financial institution (other than from, for the avoidance of doubt, the existing account bank A) (1) whose short-term, unsubordinated, unguaranteed and unsecured debt obligations are rated at

least P-1 by Moody's, (2) whose unsubordinated, unguaranteed and unsecured debt obligations are rated at least A-1 short-term and A long-term (or, if such institution has no short-term rating from S&P, at least A+ long-term) by S&P and (3) whose short-term and long-term IDR are at least F1 and A (respectively), by Fitch (such ratings as set out in (1) to (3) above being the **minimum required ratings** for the purposes of the bank account agreement and the Master Issuer bank account agreement); or

- (b) takes such other actions as are required by the rating agencies to ensure that the ratings assigned to the Master Issuer rated notes are not adversely affected by the ratings downgrade,

provided that, in the case of (a) or (b) above, the rating agencies then rating the Master Issuer rated notes also confirm that the Master Issuer rated notes would not be adversely affected thereby.

In the event that the Funding transaction account is closed as set forth above, Funding and/or the cash manager shall procure the transfer of all of the rights and obligations of account bank A under the bank account agreement, in respect of the provision of the Funding transaction account and procure the transfer of all amounts standing to the credit of the Funding transaction account (if any and to the extent not placed with eligible banks in accordance with instructions from the cash manager) to account(s) held with an authorised institution under FSMA with the minimum required ratings and which enters into an agreement in the form and substance similar to the bank account agreement, provided that the rating agencies then rating the Master Issuer rated notes also confirm that the Master Issuer rated notes would not be adversely affected thereby).

Account bank B under the bank account agreement

- (i) the short-term, unsubordinated, unguaranteed and unsecured debt obligation ratings of account bank B in respect of the Funding GIC account fall below P-1 by Moody's; or (ii) the short-term and long-term IDR of account bank B fall below F1 and A respectively by Fitch; or (iii) account bank A ceases to have

Within 60 calendar days (in respect of such downgrade by Moody's or Fitch) or 90 calendar days (in respect of such

unsubordinated, unguaranteed and unsecured debt obligation ratings of at least A-1 short-term and A long-term (or, if the relevant account bank has no short-term rating from S&P, at least A+ long-term) by S&P;

downgrade by S&P), Funding and/or the cash manager:

- (a) procures a guarantee of the obligations of account bank B in respect of the provision of the Funding GIC account from a financial institution with the minimum required ratings (other than from, for the avoidance of doubt, the existing account bank B); or
- (b) takes such other actions as are required by the rating agencies to ensure that the ratings assigned to the Master Issuer rated notes are not adversely affected by the ratings downgrade,

provided that, in the case of (a) or (b) above, the rating agencies then rating the Master Issuer rated notes also confirm that the Master Issuer rated notes would not be adversely affected thereby.

In the event that the Funding GIC account is closed as set forth above, Funding and/or the cash manager shall procure the transfer all of the rights and obligations of account bank B under the bank account agreement, in respect of the provision of the Funding GIC account and procure the transfer of any amounts standing to the credit of the Funding GIC account to account(s) held with an authorised institution under FSMA with the minimum required ratings and which enters into an agreement in the form and substance similar to the bank account agreement, provided that the rating agencies then rating the Master Issuer rated notes also confirm that the Master Issuer rated notes would not be adversely affected thereby).

(ii) the short-term, unsubordinated, unguaranteed and unsecured debt obligation ratings of account bank B in respect of the mortgages trustee GIC account fall below P-2 by Moody's; or (ii) the short-term and long-term IDR of account bank B fall below F2 and BBB+ respectively by Fitch; or (iii) account bank B ceases to have unsubordinated, unguaranteed and unsecured debt obligation ratings of at least A-2 short-term and BBB+ long-term by S&P;

Within 60 calendar days (in respect of such downgrade by Moody's or Fitch) or 90 calendar days (in respect of such downgrade by S&P), the cash manager or the mortgages trustee:

- (a) procures the transfer of all of the rights and obligations of account bank B under the bank account agreement in respect of the provision of the mortgages trustee GIC account, to, and transfer all amounts standing to the credit of

the mortgages trustee GIC account held with it to an account held with, an authorised institution under FSMA with the minimum required ratings and which enters into an agreement in the form and substance similar to the bank account agreement for the provision of such replacement account; or

- (b) procures a guarantee of the obligations of account bank B in respect of the provision of the mortgages trustee GIC account from a financial institution with the minimum required ratings; or
- (c) takes such other actions as are required by the rating agencies to ensure that the ratings assigned to the Master Issuer rated notes are not adversely affected by the ratings downgrade,

provided that, in the case of (a), (b) or (c) above, the rating agencies then rating the Master Issuer rated notes also confirm that the Master Issuer rated notes would not be adversely affected thereby.

(iii) the short-term, unsubordinated, unguaranteed and unsecured debt obligation ratings of account bank B in respect of the mortgages trustee GIC account fall below P-1 by Moody's; or (ii) the short-term and long-term IDR of account bank B fall below F1 and A respectively by Fitch; or (iii) account bank B ceases to have unsubordinated, unguaranteed and unsecured debt obligation ratings of at least A-1 short-term and A long-term (or, if the relevant account bank has no short-term rating from S&P, at least A+ long-term) by S&P.

Within 60 calendar days (in respect of such downgrade by Moody's or Fitch) or 90 calendar days (in respect of such downgrade by S&P), the cash manager or the mortgages trustee:

- (a) opens an account with a stand-by account bank with the minimum required ratings in respect of the mortgages trustee GIC account (with whom the cash manager, Funding and the security trustee have entered into an agreement in form and substance similar to the bank account agreement); or

- (b) takes such other actions as are required by the rating agencies to ensure that the ratings assigned to the Master Issuer rated notes are not adversely affected by the ratings downgrade,

provided that, in the case of (a) or (b) above, the rating agencies then rating the Master Issuer rated notes also confirm that the Master Issuer rated notes would not be adversely affected thereby.

- (iv) account bank B ceases to have unsubordinated, unguaranteed and unsecured debt obligation ratings of at least A-1 short-term and A long-term (or, if the relevant account bank has no short-term rating from S&P, at least A+ long-term) by S&P;

Within 90 calendar days of such an occurrence and by close of business on each business day thereafter, the cash manager or mortgages trustee must procure the transfer of the Excess Amount to an account held with a financial institution with the minimum required ratings in respect of the mortgages trustee GIC account (with whom the cash manager, Funding and the security trustee have entered into an agreement in form and substance similar to the bank account agreement).

For these purposes, the “**Excess Amount**” is on any date the amount by which the monies collected by the servicer in respect of the loans and/or the related security and standing to the credit of the mortgages trustee GIC account on that date exceed 5 per cent. of the Funding share of the trust property as at the immediately preceding distribution date.

In the event that the mortgages trustee GIC account is closed as set forth above, Funding and/or the cash manager shall procure the transfer all of the rights and obligations of account bank B under the bank account agreement, in respect of the provision of the mortgages trustee GIC account and procure the transfer of any amounts standing to the credit of the mortgages trustee GIC account to account(s) held with an authorised institution under FSMA with the minimum required ratings and which enters into an agreement in the form and substance similar to the bank account agreement, provided that the rating agencies then rating the Master Issuer rated notes also confirm that the Master Issuer rated notes would not be adversely affected thereby).

Eligible banks

In order to qualify as an “eligible bank” for the purposes of accepting deposits in accordance with certain panel bank guidelines set out in the cash management agreement (as may be modified from time to time by the cash manager) (upon

the instructions of the cash manager to account bank A on behalf of Funding), a bank is required to be an authorised institution under FSMA whose (1) short-term, unsubordinated, unguaranteed and unsecured debt obligations are rated at least P-1 and its long-term unsubordinated unguaranteed and unsecured debt obligations are rated at least A2 by Moody's, (2) unsubordinated, unguaranteed and unsecured debt obligations are rated at least A-1 short-term and A long-term by S&P and (3) short-term and long-term IDR are at least F1 and A (respectively) by Fitch (together, the **eligible bank minimum ratings**) and not subject to any reduction, qualification or withdrawal of such ratings. In the event that any eligible bank is downgraded by a rating agency to below the eligible bank minimum ratings, it will cease to qualify as an eligible bank for accepting further deposits and any monies placed with such eligible bank at that time will be returned to the Funding transaction account (or will be transferred to another eligible bank having the eligible bank minimum ratings) at the end for the applicable deposit period.

Under the panel bank guidelines, monies can be placed from the Funding transaction account with eligible banks (upon the instructions of the cash manager to account bank A on behalf of Funding) for periods of 30, 60 or 90 calendar days, depending on the credit rating of the relevant eligible banks. The credit ratings governing the length of the deposit term, amounts that can be placed with an eligible bank and whether any additional conditions apply are set out in the panel bank guidelines applicable from time to time. Such rating levels are set at various levels equal to or above the eligible bank minimum ratings for the purpose of determining concentration limits and deposit periods. In the event that an eligible bank is downgraded by a rating agency below those ratings, the deposit period and amounts of deposit that such eligible bank can accept going forward may be altered.

In the event that Santander UK as an eligible bank is downgraded to below the eligible bank minimum ratings but its (1) short-term, unsubordinated, unguaranteed and unsecured debt obligations are rated at least P-2 by Moody's, (2) unsubordinated, unguaranteed and unsecured debt obligations are rated at least A-2 short-term and BBB+ long-term by S&P and (3) short-term and long-term IDRs are at least F2 and BBB+ (respectively) by Fitch, amounts may continue to be deposited in such Santander A-2/P-2/F2 account subject to the satisfaction of certain conditions in the panel bank guidelines. See further: "**Cash Management for the mortgages trustee and Funding—Deposits with eligible banks in accordance with panel bank guidelines**".

Sterling account bank and the non-sterling account bank under the Master Issuer bank account agreement

(i) the short-term, unsubordinated, unguaranteed and unsecured debt obligation ratings of the Master Issuer account bank fall below F1 by Fitch or P-1 by Moody's (or in each case, such other rating as may be agreed between the parties and the relevant rating agency from time to time); or (ii) the Master Issuer account bank ceases to have unsubordinated, unguaranteed and unsecured debt obligation ratings of at least A-1 short-term and A long-term (or, if such financial institution has no short-term rating from S&P, at least A+ long-term) by S&P (or such other rating as may be agreed between the parties to the Master Issuer bank account agreement and S&P from time to time).

Within 60 calendar days (in respect of such downgrade by Moody's or Fitch) or 90 calendar days (in respect of such downgrade by S&P) of the date on which the downgrade occurs, the relevant Master Issuer account bank:

(a) closes the relevant Master Issuer transaction accounts held with it and transfers all of its rights and obligations under the Master Issuer bank account agreement to, and transfers all amounts standing to the credit of the relevant Master Issuer transaction

accounts held with it to accounts held with, an authorised institution under the FSMA with the minimum required ratings (and such authorised institution enters into an agreement in the form and substance similar to the Master Issuer bank account agreement);

- (b) procures that a financial institution with the required minimum ratings provides a guarantee of the obligations of the Master Issuer account bank; or
- (c) takes such other actions to ensure that the ratings assigned to the outstanding Master Issuer rated notes are not adversely affected by the ratings downgrade,

in each case provided that the then current ratings of the outstanding Master Issuer rated notes shall not be adversely affected by each or any of the above actions.

Parties may agree to amend the replacement triggers in respect of the sterling account bank described in the above "**Triggers Tables**" subject to additional mitigants being put in place.

Non-Rating Triggers Table

There are two forms of trigger events: (i) an asset trigger event and (ii) a non-asset trigger event. Following the occurrence of a trigger event, the principal priority of payments in respect of the mortgages trustee will change.

A trigger event means an asset trigger event or a non-asset trigger event.

Non-Asset Trigger Events

Non-asset trigger events relate primarily (but not exclusively) to events associated with the seller/servicer (please see "**The mortgages trust—Mortgages trust allocation and distribution of principal receipts and retained principal receipts after the occurrence of a trigger event**" for more details) and impact on the repayment of term advances (please see "**The master intercompany loan agreement—Repayment of principal on the term advances**" for more details).

Nature of Trigger

Description of Trigger

Consequence of Trigger

Insolvency event

An insolvency event (as defined in the glossary) occurs in relation to the seller

After the occurrence of a non-asset trigger event but prior to the occurrence of an asset trigger event, all principal receipts plus any current retained principal

Substitution of servicer	The appointment of Santander UK is terminated as servicer and a new servicer is not appointed within 60 days	receipts will be allocated and paid to Funding until the Funding share is zero.
Current seller share is equal to or less than the minimum seller share	On the distribution date immediately succeeding a seller share event trust calculation date, the current seller share is equal to or less than the minimum seller share (as defined in the glossary)	After the occurrence of a non-asset trigger event but prior to the occurrence of an asset trigger event, all principal receipts plus any current retained principal receipts will be allocated and paid to Funding until the Funding share is zero.

Asset Trigger Events

Asset trigger events relate to the performance of the underlying loan portfolio and will be activated as described below. Please see "**The mortgages trust—Cash management and allocation of trust property—principal receipts**".

<u>Nature of Trigger</u>	<u>Description of Trigger</u>	<u>Consequence of Trigger</u>
Principal deficiencies	When an amount is debited to the AAA principal deficiency sub-ledger of Funding unless certain criteria are met.	<p>After the occurrence of an asset trigger event, all principal receipts plus any current retained principal receipts (if any) will be allocated and distributed as follows:</p> <p>(a) if the immediately preceding trust calculation date was a seller share event trust calculation date, an amount equal to the retained principal receipts to Funding until the Funding share is zero; and</p> <p>(b) if the immediately preceding trust calculation date was not a seller share event trust calculation date, with no order of priority between them but in proportion to the respective amounts due, to Funding and the seller according to the Funding share percentage of the trust property and the seller</p>

share percentage of the
trust property
respectively, until the
Funding share is zero.

When the Funding share is zero,
the remaining principal receipts (if
any) will be allocated to the seller.

RISK RETENTION REQUIREMENTS

UK risk retention

Retention statement

The seller, in its capacity as originator, will (i) retain, on an on-going basis, a material net economic interest of not less than 5 per cent. in the nominal value of the securitised exposures as required by the text of Article 6 of the UK Securitisation Regulation (the **UK Risk Retention Requirements**) by retaining a seller share of no less than 5 per cent. in the mortgages trust in accordance with Article 6(3)(b) of the UK Securitisation Regulation and (ii) agree not to hedge, sell or otherwise mitigate such risk. Any change to the manner in which such interest is held will be notified to noteholders in accordance with the conditions and the requirements of the UK Securitisation Regulation. The seller will only be required to take such actions to the extent that the retention and disclosure requirements are applicable to Santander UK and remain in effect.

For the purposes of Article 7(2) of the UK Securitisation Regulation, the seller as originator has been designated as the entity responsible for compliance with the requirements of Article 7 of the UK Securitisation Regulation (the **UK Transparency Requirements**) and will either fulfil such requirements itself or shall procure that such requirements are complied with on its behalf, provided that the seller will not be in breach of such undertaking if the seller fails to so comply due to events, actions or circumstances beyond the seller's control. See "**General information—Monthly investor reports**" and "**General information—Reporting under the Securitisation Regulation**".

As to the information made available to prospective investors by the Master Issuer, reference is made to the information set out herein and forming part of this base prospectus and to the investor monthly reports. In such monthly reports, relevant information with regard to the mortgage loans will be disclosed publicly together with an overview of the retention and/or any changes in the method of retention of the material net economic interest by the seller. See "**Listing and general information—Investor reports and information reporting**".

EU risk retention

Retention statement

The seller, in its capacity as originator, will, until such time when a competent EU authority has confirmed that the satisfaction of the UK Risk Retention Requirements will also satisfy the EU Risk Retention Requirements due to the application of an equivalency regime or similar analogous concept, (i) retain, on an on-going basis, a material net economic interest of not less than 5 per cent. in the nominal value of the securitised exposures as required by the text of Article 6 of the EU Securitisation Regulation (the **EU Risk Retention Requirements**) by retaining a seller share of no less than 5 per cent. in the mortgages trust in accordance with Article 6(3)(b) of the EU Securitisation Regulation, and (ii) agree not to hedge, sell or otherwise mitigate such risk. Any change to the manner in which such interest is held will be notified to noteholders in accordance with the conditions and the requirements of the EU Securitisation Regulation.

Investors should note only implementing regulations, technical standards and official guidance related to the EU Securitisation Regulation as at the date of this base prospectus shall be required to be taken into account by the seller for the purposes of determining such compliance with the EU Risk Retention Requirements, however, to the extent any amendments, standards, guidance or statements come into effect after the date of this base prospectus, the seller may adopt such standards in its sole discretion. Please see the section "**Risk Factors – Legal Risks – EU Securitisation Regulation**" above.

In respect of any series of notes for which the seller has given an EU Securitisation Regulation Undertaking, for the purposes of Article 7(2) of the EU Securitisation Regulation, the seller as originator has been designated as the entity responsible for compliance with the requirements of Article 7 of the EU Securitisation Regulation (the **EU Transparency Requirements**) and will either fulfil such requirements itself or shall procure that such requirements are complied with on its behalf, provided that the seller will not be in breach of such undertaking if the seller fails to so comply due to events, actions or circumstances beyond the seller's control. See "**General information—Monthly investor reports**" and "**General information—Reporting under the Securitisation Regulation**".

Investors to assess compliance

Each prospective investor is required to independently assess and determine the sufficiency of the information described above and in this base prospectus generally for the purposes of complying with Article 5 of the UK Securitisation Regulation and (if applicable) Article 5 of the EU Securitisation Regulation, and any corresponding national measures which may be relevant and none of the Master Issuer, Funding, the mortgages trustee, Santander UK, the arranger, the dealers, the note trustee, the security trustee, the Master Issuer security trustee, the corporate services provider, the Master Issuer corporate services provider, the Master Issuer swap providers, any swap guarantors (if applicable), the paying agents, the registrar, the transfer agent, the exchange rate agent (if applicable), the agent bank, the account banks, any remarketing agent (if applicable), any conditional purchaser (if applicable), any company in the same group of companies as Santander UK or the dealers or any other party to the Master Issuer transaction documents makes any representation that the information described above or in this base prospectus generally is sufficient in all circumstances for such purposes.

Please refer to the risk factor entitled "**Risk Factors—Regulatory initiatives may have an adverse impact on the regulatory treatment of the Master Issuer notes**", "**UK Securitisation Regulation**", "**EU Securitisation Regulation**" and "**Simple, Transparent and Standardised (STS) Securitisations**" for further information on the implications of the UK Securitisation Regulation and the EU Securitisation Regulation and risk retention requirements for investors.

Information regarding the policies and procedures of the seller

The seller has internal policies and procedures in relation to mortgage origination, the administration of loans and risk mitigation. The policies and procedures of the seller broadly include:

- (a) criteria for the granting of offers of mortgages that consider a variety of factors, such as a potential borrower's credit history, employment history and status and repayment ability, as well as the value of the property to be mortgaged, as to which please see "**The loans—Lending criteria**"; and
- (b) systems in place to administer and monitor the loans, including the management of loans in arrears, as to which please see the sections "**The Servicer—Servicing of the loans**", "**—Arrears and default procedures**" and "**The servicing agreement**".

U.S. credit risk retention

The seller, in its capacity as originator, is required under the U.S. Credit Risk Retention Requirements to acquire and retain an economic interest in the credit risk of the interests created by the Master Issuer on the closing date of each issuance of notes and on a monthly basis on each trust calculation date (each, a **Retention Calculation Date**). The seller presently intends to satisfy the U.S. Credit Risk Retention Requirements by maintaining a seller share in the master trust in an amount at least equal to 5 per cent. of the aggregate outstanding principal balance of all Master Issuer notes, other than any notes that are at all times held by the seller or one or more of its wholly-owned affiliates, calculated in all cases in accordance with U.S. Credit Risk Retention Requirements. For purposes of the calculation described in the preceding sentence, a wholly-owned affiliate of the seller will include any person, other than the Master Issuer, that, directly or indirectly, wholly controls (i.e. owns 100% of the equity in such person), is wholly controlled by, or is wholly under common control with, the seller.

The seller share will be calculated as a percentage of the aggregate outstanding principal balance of all Master Issuer notes, other than any Master Issuer notes that are at all times held by the seller or one or more of its wholly-owned affiliates, as of each Retention Calculation Date. If on any Retention Calculation Date the seller share is less than 5 per cent. of such amount and if such percentage is not increased to at least 5 per cent. of such amount within 30 calendar days, the U.S. Credit Risk Retention Requirements will not be satisfied. In the event that any such deficiency exists on the distribution date immediately succeeding a seller share event trust calculation date, a non-asset trigger event will occur. However, the U.S. Credit Risk Retention Requirements will not be violated following the decrease of the seller share below 5 per cent. of the aggregate outstanding principal balance of all Master Issuer notes, other than any notes that are at all times held by the seller or one or more of its wholly-owned affiliates, if an early amortisation period commences for all

outstanding Master Issuer notes and the seller was in compliance with the risk retention requirements as of the commencement of early amortisation, and no additional Master Issuer notes are issued thereafter.

In addition to holding the seller share as described above, the seller will not purchase or sell a security or other financial instrument, or enter into any derivative, agreement or position, that reduces or limits its financial exposure to the seller share that it will maintain to satisfy the U.S. Credit Risk Retention Requirements to the extent such activities would be prohibited hedging activities in accordance with the U.S. Credit Risk Retention Requirements. See “**The mortgages trust—Minimum seller share**” for a description of the material terms of the seller share, how the seller share is calculated from time to time and the seller’s obligation to maintain the minimum seller share.

In the future, the seller may elect to comply with the U.S. Credit Risk Retention Requirements through any other means permitted thereunder. In making such election, the seller will comply with the provisions of the U.S. Credit Risk Retention Requirements, including applicable disclosure requirements.

Subject to any applicable restrictions on transfer, the seller may, at any time and from time to time, sell or otherwise transfer all or any portion of any Master Issuer notes it holds, and may sell or otherwise transfer any portion of its interest in the seller share in excess of the portion it retains to comply with the U.S. Credit Risk Retention Requirements.

In the monthly investor reports, relevant information with regard to the U.S. Credit Risk Retention Requirements and/or any changes in the method of retention by the seller will be disclosed in accordance with applicable disclosure requirements. See “**Listing and general information—Monthly investor reports**”.

OVERVIEW OF THE MASTER ISSUER NOTES

Series

The Master Issuer may from time to time issue class A notes, class B notes, class M notes, class C notes and class Z notes in one or more series. Each series will consist of one or more classes (or sub-classes) of Master Issuer notes. One or more series or classes (or sub-classes) of Master Issuer notes may be issued at one time. Each series and class (or sub-class) of Master Issuer notes will be secured over the same assets as all other Master Issuer notes offered under this base prospectus and the relevant final terms as well as all previous notes issued by the Master Issuer. The Master Issuer notes issued from time to time by the Master Issuer will constitute direct, secured and unconditional obligations of the Master Issuer.

The Master Issuer notes of a particular class in differing series (and the Master Issuer notes of differing sub-classes of the same class and series) will not necessarily have all the same terms. Differences may include issue price, principal amount, interest rates and interest rate calculations, currency, permitted redemption dates, final maturity dates and ratings. Noteholders holding certain Master Issuer notes may have the benefit of remarketing and conditional purchase arrangements or 2a-7 swap provider arrangements specified in the applicable final terms. The terms of each series and class (or sub-class) of Master Issuer notes will be set out in the relevant final terms.

Payment

Some series of Master Issuer notes will be paid ahead of others, regardless of the ranking of the Master Issuer notes. In particular, some payments on some series of class B notes, class M notes, class C notes and class Z notes will be made before some series of class A notes, as described under "**Overview of the Master Issuer notes—Payment and ranking of the Master Issuer notes**".

In addition, the occurrence of an asset trigger event or non-asset trigger event (which are described under "**Overview of the Master Issuer notes—Trigger events**") will alter the payments on the Master Issuer notes.

Interest

Interest will accrue on each series and class (or sub-class) of Master Issuer notes from its date of issue at the applicable interest rate specified in the relevant final terms for that series and class (or sub-class) of Master Issuer notes, which may be fixed or floating rate or have a combination of these characteristics. Interest on each series and class (or sub-class) of Master Issuer notes will be due and payable on the interest payment dates specified in the relevant final terms up to and including the final maturity date or early redemption date.

Any shortfall in payments of interest due on any series of the class B notes (to the extent that any class A notes are outstanding), the class M notes (to the extent that any class A notes and/or class B notes are outstanding), the class C notes (to the extent that any class A notes and/or class B notes and/or class M notes are outstanding) or the class Z notes (to the extent that any class A notes and/or class B notes and/or class M notes and/or class C notes are outstanding) on any interest payment date in respect of such Master Issuer notes will be deferred until the immediately succeeding interest payment date in respect of such Master Issuer notes. On that immediately succeeding interest payment date, the amount of interest due on the relevant class of Master Issuer notes will be increased to take account of any such deferred interest. If on that interest payment date there is still a shortfall, that shortfall will be deferred again. This deferral process will continue until the final maturity date of such Master Issuer notes, at which point all such deferred amounts will become due and payable. However, if there are insufficient funds available to the Master Issuer to pay interest on the class B notes, the class M notes, the class C notes or the class Z notes, then noteholders may not receive all interest amounts due on those classes of Master Issuer notes. The failure to pay interest due on any interest payment date in respect of the class A notes, or (if applicable) the most senior class of Master Issuer notes then outstanding in respect of which interest may not be deferred, will be a note event of default.

Issuance

Master Issuer notes may only be issued upon the satisfaction of certain conditions precedent. In particular, Master Issuer notes may be issued only if the following conditions (among others) are satisfied:

- the Master Issuer obtaining a written confirmation from each of the rating agencies that the then current ratings of the Master Issuer rated notes outstanding at that time will not be adversely affected because of the proposed issue;
- that no event of default under any of the intercompany loan agreements outstanding at that time has occurred which has not been remedied or waived and no event of default will occur as a result of the proposed issue of the Master Issuer notes; and
- as at the most recent interest payment date, that no principal deficiency (which remains outstanding) is recorded on the principal deficiency ledger in relation to the term advances (other than any NR term advances) outstanding at that time.

There are no restrictions on the issuance of any Master Issuer notes so long as such conditions are satisfied.

Ratings

The ratings assigned to each series and class (or sub-class) of the Master Issuer rated notes will be specified in the relevant final terms. The class Z notes will not be assigned a rating.

A credit rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the assigning rating organisation if, in its judgment, circumstances in the future so warrant.

The Master Issuer has agreed to pay on-going surveillance fees to the rating agencies, in exchange for which each rating agency will monitor the ratings it has assigned to each series and class (or sub-class) of Master Issuer rated notes while they are outstanding. Master Issuer notes issued prior to the date of this base prospectus were assigned ratings upon issue, and continue to be rated, by each of Fitch, Moody's and S&P. Master Issuer notes (other than any notes which are to be unrated) comprising each series issued after the date of this base prospectus will be assigned ratings upon issue by two or more of Fitch, Moody's and S&P.

References to any rating or rating criteria or methodology of Fitch, Moody's or S&P are to be construed as applying only if and for so long as any Master Issuer notes rated by Fitch, Moody's or S&P, as applicable, remain outstanding and, if any series of Master Issuer notes ceases to be rated by any one of the rating agencies (a **removed rating agency**), for so long as such series of Master Issuer notes remains rated by two rating agencies, the related ratings criteria, rating tests, rating triggers and any and all requirements specified by and/or relating to such removed rating agency (including, but not limited to, those specified in the transaction documents) shall be deemed to be disappplied until such time that such removed rating agency is reappointed as a rating agency in respect of such series of Master Issuer notes.

Listing

Application will be made to FCA for the Master Issuer notes issued under the programme (other than any Master Issuer notes which are to be unlisted or non-LSE listed notes) during the period of 12 months from the date of this base prospectus to be admitted to the Official List of the FCA. Application will also be made to the London Stock Exchange for each series and class (or sub-class) of the Master Issuer notes (other than any Master Issuer notes which are admitted to trading on any other market or exchange) to be admitted to trading on the main market of the London Stock Exchange.

Denominations of the Master Issuer notes

The Master Issuer notes (in either global or definitive form) will be issued in the denominations specified in the relevant final terms, save that the minimum denomination of each Master Issuer note will be such as may be allowed or required from time to time by the relevant central bank or regulatory authority (or equivalent body) or any laws or regulations applicable to the relevant currency and save that (other than in

relation to non-LSE listed notes) the minimum denomination of each U.S. dollar denominated Master Issuer note will be \$200,000 and in integral multiples of \$1,000 in excess thereof, each sterling denominated Master Issuer note will be issued in minimum denominations of £100,000 and in integral multiples of £1,000 in excess thereof and each euro denominated Master Issuer note will be issued in minimum denominations of €100,000 and in integral multiples of €1,000 in excess thereof.

The Rule 144A notes will be issued in minimum denominations of \$200,000 and in integral multiples of \$1,000 in excess thereof (or its equivalent in any other currency as at the date of the issue of such notes). The denomination and integral multiples of Reg S notes issued in U.S. dollars are or will be as set out in the accompanying final terms. U.S. dollar Reg S notes which have been issued prior to the date of this base prospectus have been issued in denominations of \$100,000 (in respect of issuances prior to 25 May 2011) and \$200,000 (in respect of issuances on and after 25 May 2011), and integral multiples of \$1,000 in excess thereof. The denomination and integral multiples of any non-LSE listed notes will be set out in the accompanying issue terms.

Maturities

Master Issuer notes will have such maturities as may be specified in the relevant final terms, subject to compliance with all applicable legal, regulatory and/or central bank requirements.

Currencies

Subject to compliance with all applicable legal, regulatory and/or central bank requirements, a series and class (or sub-class) of Master Issuer notes may be denominated in such currency or currencies as may be agreed between the relevant dealers and the Master Issuer as specified in the relevant final terms.

Issue price

Each series and class (or sub-class) of Master Issuer notes may be issued on a fully paid basis and at an issue price which is at par or at a discount to, or a premium over, par.

Selling restrictions

For a description of certain restrictions on offers, sales and deliveries of Master Issuer notes and on the distribution of offering materials in the UK and certain other jurisdictions, see "**Subscription, Sale, Transfer and Selling Restrictions**" below.

Relationship between the Master Issuer notes and the master intercompany loan

The gross proceeds of each issue of Master Issuer notes will fund an intercompany loan under the master intercompany loan agreement. Each such intercompany loan will comprise multiple term advances, each relating to a particular series and class (or sub-class) of Master Issuer notes forming part of the relevant issue. The repayment terms of each term advance (for example, dates for payment of principal and the type of amortisation or redemption) will reflect the terms of the related series and class (or sub-class) of Master Issuer notes. Subject to any swap agreements as described under "**The swap agreements**" and the Funding priority of payments and the Master Issuer priority of payments, the Master Issuer will make payments on the relevant series and class (or sub-class) of Master Issuer notes from payments received by it from Funding under the corresponding term advance of the master intercompany loan and, in each case where the relevant class (or sub-class) of Master Issuer notes is denominated in a currency other than sterling, the Master Issuer will, pursuant to the relevant Master Issuer swap, swap the amount received from Funding under the corresponding term advance for an amount corresponding to the amount payable by it under the Master Issuer notes and then repay the relevant class of notes using the payments received by it from the relevant Master Issuer swap provider or, if no such Master Issuer swap exists, at the spot rate of exchange.

The ability of Funding to make payments on the master intercompany loan will depend to a large extent on (a) Funding receiving its share of collections on the trust property, which will in turn depend principally on the collections the mortgages trustee receives on the loans and the related security and (b) the allocation of monies between the master intercompany loan and any new intercompany loans (if applicable). See "**Overview of the Master Issuer notes—Intercompany loans**".

Diagram of the priority of payments by the Master Issuer and subordination relationships

The following diagram illustrates in a general way the payment priorities for revenue receipts and principal receipts by the Master Issuer before acceleration of the intercompany loans and also indicates the subordination relationship among the Master Issuer notes of a particular issue. This diagram does not indicate the priority of payments by Funding, nor does it indicate the priority of payments by the Master Issuer after acceleration of the intercompany loans. For the sake of simplicity, this diagram omits material details relating to the payment priorities. You should refer to "**Cashflows**" for a description of the priorities of payments by Funding and the Master Issuer in all circumstances.



* Includes scheduled amounts and, provided that termination of a swap is not related to a default or rating downgrade of the related swap provider, early termination amounts payable to the swap providers for the swaps entered into by the Master Issuer corresponding to the relevant class (or sub-class) of Master Issuer notes. Amounts received by the Master Issuer from such swap providers under the relevant swap will be used to make payments of interest and principal on the corresponding class (or sub-class) of Master Issuer notes.

Operative documents concerning the Master Issuer notes

The Master Issuer will issue each series of Master Issuer notes under the trust deed. The Master Issuer notes will also be subject to the Master Issuer paying agent and agent bank agreement. The security for the Master Issuer notes will be created under the Master Issuer deed of charge between the Master Issuer, the Master Issuer security trustee and the Master Issuer's other secured creditors. Operative legal provisions relating to the Master Issuer notes are included in the trust deed, the Master Issuer paying agent and agent bank agreement, the Master Issuer deed of charge, the Master Issuer cash management agreement and the Master Issuer notes themselves, each of which are governed by English law (other than in the case of foreign law notes).

Payment and ranking of the Master Issuer notes

Payments of interest and principal on the class A notes of each series due and payable on an interest payment date will rank ahead of payments of interest and principal on the class B notes of any series, which in turn will rank ahead of payments of interest and principal on the class M notes of any series, which in turn will rank ahead of payments of interest and principal on the class C notes of any series and which in turn will rank ahead of payments of interest and principal on the class Z notes of any series (in each case due and payable on such interest payment date). For more information on the priority of payments, see "**Cashflows**" and see also "**Risk factors—Subordination of other Master Issuer note classes may not protect noteholders from all risk of loss**".

Payments of interest and principal on each class of notes of each series rank equally with other notes of the same class (but subject to the interest payment dates, scheduled redemption dates, final maturity dates or permitted redemption dates of each series of such class of notes).

Investors should note that, subject as further described under "**Cashflows**":

- Master Issuer notes of different series and classes (or sub-classes) are intended to receive payment of interest and principal at different times, and therefore lower ranking classes of Master Issuer notes of one series may be paid interest and principal before higher ranking classes of Master Issuer notes of a different series.
- No term advance other than the AAA term advances and, consequently, no Master Issuer notes of any class other than the class A notes may be repaid principal if, following such repayment, the amount of credit enhancement available from all outstanding subordinated term advances, reserves and other forms of credit enhancement is less than the required subordinated amount for any class of Master Issuer notes more senior to that term advance. The required subordinated amount for each class of Master Issuer notes will be specified in the relevant final terms and may change for new issues of Master Issuer notes. The repayment tests which determine whether the principal outstanding of any term advance and, consequently, any series and class (or sub-class) of Master Issuer notes, may be repaid principal are set out in "**Cashflows**". The failure to repay principal in respect of a term advance (other than the AAA term advances) and the related Master Issuer notes on the applicable interest payment dates due to the repayment tests not being met will not constitute an event of default in respect of such term advance or in respect of the related Master Issuer notes.
- If there is a debit balance on a principal deficiency sub-ledger (other than the NR principal deficiency sub-ledger) with respect to a particular lower ranking term advance or the adjusted first reserve fund level is less than the first reserve fund required amount or arrears in respect of loans in the mortgages trust exceed a specified amount (each as described below under "**Cashflows**") and there is a more senior term advance and related series and class (or sub-class) of Master Issuer notes outstanding, no amount of principal will be repayable in respect of such lower ranking term advance and related series and class (or sub-class) of Master Issuer notes until such situation is rectified. The failure to repay principal in respect of such lower ranking term advance and the related Master Issuer notes on the applicable redemption dates for any of the aforementioned reasons will not constitute an event of default in respect of such term advance or in respect of the related Master Issuer notes.

- To the extent required, but subject to certain limits and conditions, Funding may apply amounts standing to the credit of the first reserve fund and the Funding liquidity reserve fund (if any) in payment of, among other things, amounts due to the Master Issuer in respect of the term advances (other than the NR term advances).
- Prior to service of a note enforcement notice, a series and class (or sub-class) of Master Issuer notes may be redeemed on a permitted redemption date only to the extent of the amount (if any) repaid on the related term advance in respect of such date.
- If not redeemed earlier, each series and class (or sub-class) of Master Issuer notes will be redeemed by the Master Issuer on the final maturity date specified in the relevant final terms. The failure to redeem a series and class (or sub-class) of Master Issuer notes on its final maturity date will constitute a note event of default in respect of such Master Issuer notes.
- Following a trigger event or service of an intercompany loan acceleration notice or a note enforcement notice, the priority of payments will change and the Master Issuer will make payments of interest and principal in accordance with and subject to the relevant priority of payments as described below under "**Cashflows**".

Fixed rate notes

If issued, a series and class (or sub-class) of fixed rate notes would bear interest at a fixed rate and the interest would be payable on the interest payment dates and on redemption as specified in the relevant final terms and would be calculated on the basis of the day count fraction specified in the relevant final terms.

Floating rate notes

If issued, a series and class (or sub-class) of floating rate notes would bear interest in each case at the rate specified in the relevant final terms. The margin, if any, relating to such series and class (or sub-class) of Master Issuer notes would be specified in the relevant final terms. Interest on floating rate notes in respect of each interest period would be payable on the interest payment dates and would be calculated on the basis of the day count fraction specified in the relevant final terms.

Bullet redemption notes

If issued, a series and class (or sub-class) of bullet redemption notes would be redeemable in full on the bullet redemption date specified in the relevant final terms. However, Funding will seek to accumulate funds relating to payment of principal on each bullet term advance over its cash accumulation period in order to make a single payment to the Master Issuer so that the Master Issuer can redeem the corresponding bullet redemption notes in full on the relevant bullet redemption date.

A cash accumulation period in respect of a bullet term advance is the period of time estimated to be the number of months prior to the relevant bullet redemption date necessary for Funding to accumulate enough principal receipts derived from its share of the trust property to repay that bullet term advance to the Master Issuer so that the Master Issuer will be able to redeem the corresponding bullet redemption notes in full on the relevant bullet redemption date. The cash accumulation period is described under "**The mortgages trust**". To the extent there are insufficient funds to redeem a series and class (or sub-class) of bullet redemption notes on the relevant bullet redemption date, then the Master Issuer will be required to pay the shortfall, to the extent it receives funds therefor, on subsequent interest payment dates in respect of such Master Issuer notes up until the final repayment date. No assurance can be given that Funding will accumulate sufficient funds during the cash accumulation period relating to any bullet term advance to enable it to repay the relevant bullet term advance to the Master Issuer so that the Master Issuer is able to repay principal of the related series and class (or sub-class) of bullet redemption notes on the relevant bullet redemption date.

See "**Risk factors—The yield to maturity of the Master Issuer notes may be adversely affected by prepayments or redemptions on the loans**" and "**—The Master Issuer's ability to redeem the Master Issuer notes on their scheduled redemption dates may be affected by the rate of prepayment on the loans**".

Following the earlier to occur of a trigger event and the bullet redemption date (if any) in relation to a series and class (or sub-class) of bullet redemption notes, the Master Issuer will repay such Master Issuer notes to the extent that funds are available and subject to the conditions referred to above regarding repayment on subsequent interest payment dates. The term advance which corresponds to a bullet redemption note that remains outstanding after its bullet redemption date (as the case may be) is not to be regarded as a pass-through term advance for the purposes of the repayment rules in "**Cashflows—Rules for application of Funding available principal receipts and Funding principal receipts**".

For more information on the redemption of the Master Issuer notes, including a description of asset trigger events and non-asset trigger events, see "**The mortgages trust—Cash management and allocation of trust property—principal receipts**" and "**Cashflows**".

Scheduled redemption notes

If issued, a series and class (or sub-class) of scheduled redemption notes would be redeemable on one or more scheduled redemption dates (which may be in addition, and occurring prior, to the final maturity date) in one or more scheduled amortisation amounts, the dates and amounts of which will be specified in the relevant final terms. Prior to each scheduled redemption date, Funding will seek to accumulate sufficient funds so that it may repay the Master Issuer each scheduled amortisation amount on the relevant scheduled redemption date so that the Master Issuer is able to repay principal on the related series and class (or sub-class) of scheduled redemption notes on the relevant scheduled redemption date.

A scheduled amortisation period in respect of a scheduled amortisation amount is the period commencing on the interest payment date falling three months before the interest payment date which is the scheduled repayment date of such scheduled amortisation amount or such other date set out in the relevant final terms and which ends on the date that an amount equal to the relevant scheduled amortisation amount has been accumulated by Funding. The scheduled amortisation period is described under "**The mortgages trust**". If there are insufficient funds on a scheduled redemption date for Funding to repay the Master Issuer the relevant scheduled amortisation amount, then the Master Issuer will be required to pay the shortfall in respect of the related series and class (or sub-class) of scheduled redemption notes, to the extent it receives funds therefor, on subsequent interest payment dates in respect of such Master Issuer notes. No assurance can be given that Funding will accumulate sufficient funds during the scheduled amortisation period relating to any scheduled amortisation amount to enable it to repay the relevant scheduled amortisation amount to the Master Issuer so that the Master Issuer is able to repay principal of the related series of scheduled redemption notes on the scheduled redemption date.

Following the earlier to occur of a trigger event and the final scheduled redemption date (if any) in relation to a series and class (or sub-class) of scheduled redemption notes, the Master Issuer will repay such Master Issuer notes to the extent that funds are available and subject to the conditions referred to above regarding repayment on subsequent interest payment dates. The term advance which corresponds to a scheduled redemption note that remains outstanding after its final scheduled redemption date (as the case may be) is not to be regarded as a pass-through term advance for the purposes of the repayment rules in "**Cashflows—Rules for application of Funding available principal receipts and Funding principal receipts**".

Pass-through notes

If issued, a series and class (or sub-class) of pass-through notes would be redeemable on the date(s) specified in the relevant final terms. On each interest payment date, Funding may make payments of amounts equal to the pass-through requirement in respect of pass-through term advances to the Master Issuer so that the Master Issuer may, on the applicable interest payment date, repay all or part of the related series and class (or sub-class) of pass-through notes prior to their final maturity dates.

Following the earlier to occur of a trigger event and the first repayment date (if any) specified in the relevant final terms in relation to a series and class (or sub-class) of pass-through notes, the Master Issuer may repay such pass-through notes to the extent that funds are available and subject to the conditions referred to above for repayment on subsequent interest payment dates.

Money market notes

From time to time, the Master Issuer may issue a series and class (or sub-class) of Master Issuer notes designated as money market notes in the relevant final terms. **Money market notes** are Master Issuer notes which will be "**Eligible Securities**" within the meaning of Rule 2a-7 under the U.S. Investment Company Act of 1940, as amended (the **Investment Company Act**).

Money market notes will generally be bullet redemption notes or scheduled redemption notes, the final maturity date of which will be fewer than 397 days from the closing date on which such Master Issuer notes were issued.

Such money market notes may have the benefit of remarketing arrangements under which a remarketing bank and a conditional note purchaser (the **remarketing bank** and the **conditional note purchaser** respectively) enter into agreements under which the remarketing bank agrees to seek purchasers of the relevant Master Issuer notes on specified dates throughout the term of such Master Issuer notes (each such date a **transfer date**) and the conditional note purchaser agrees to purchase any such Master Issuer notes on the related transfer date if purchasers for such Master Issuer notes have not been found, provided that certain events have not then occurred.

The transfer dates for any affected class (or sub-class) or series of Master Issuer notes will be specified in the relevant final terms but are likely to be on every anniversary of issue of the relevant Master Issuer notes.

The circumstances in which a conditional note purchaser is not obliged to purchase any affected Master Issuer notes on a transfer date in circumstances where purchasers for such Master Issuer notes have not been found will likewise be specified in the relevant drawdown prospectus relating to the particular Master Issuer notes but will include the occurrence of an event of default and may also include the occurrence of certain triggers related to the ratings of the Master Issuer rated notes (such events **conditional note purchaser obligation termination events**).

If prior to any transfer date purchasers for any Master Issuer notes of the relevant series or class (or sub-class) have not been found, unless a conditional note purchaser obligation termination event has occurred, the remarketing bank will serve a notice on the conditional note purchaser to purchase the Master Issuer notes which remain unremarketed on the transfer date for a price per note specified in such notice.

The rate of interest under the relevant Master Issuer notes will be re-set on each transfer date, either at a rate determined by the remarketing bank or, if any Master Issuer notes are to be acquired by the conditional note purchaser, at a specified rate subject to a maximum re-set margin as specified in such drawdown prospectus.

If the conditional note purchaser has purchased all of the Master Issuer notes as of any transfer date, the rate of interest shall cease to be re-set on future transfer dates and the remarketing bank shall cease to be under any obligation to find purchasers of such Master Issuer notes on any transfer date following such purchase.

The appointment of the remarketing bank may be terminated by the Master Issuer if the remarketing bank becomes insolvent, no longer has the requisite authority or ability to act in accordance with the terms of the relevant documentation documenting the arrangements or a material breach of warranty or covenant by the remarketing bank occurs and is outstanding under the relevant documentation.

The remarketing bank will have the right to terminate its remarketing obligations under the relevant documentation if a note event of default occurs and is continuing, there occurs an event beyond the control of the remarketing bank such that it is unable to perform its obligations under the relevant documentation or which in its reasonable opinion represents a material market change affecting the Master Issuer notes to be remarketed, the requirements of rule 2a-7 of the Investment Company Act for purchase of the relevant Master Issuer notes by money market funds have changed since the closing date for the relevant Master Issuer notes or if the conditional note purchaser purchases all relevant Master Issuer notes pursuant to its obligations under the relevant documentation.

No remarketing bank or conditional note purchaser shall have any recourse to the Master Issuer in respect of such arrangements.

Certain risks relating to repayment of money market notes by means of a money market note subscriber are described under "**Risk factors—The remarketing bank may not be able to remarket money market notes and payments from a conditional note purchaser may not be sufficient to repay money market notes**". No assurance can be given that any remarketing bank or any conditional note purchaser will comply with and perform their respective obligations under the remarketing documentation. Each remarketing bank will be required to make the representations required of the dealers as described in "**Subscription, Sale, Transfer and Selling Restrictions**". Neither the Master Issuer nor any of the underwriters, any remarketing bank or any conditional note purchaser will make any representation as to the suitability of the money market notes for investment by money market funds subject to Rule 2a-7 under the Investment Company Act. Any determination as to such suitability or compliance with Rule 2a-7 under the Investment Company Act, is solely your responsibility.

The Master Issuer may also have the benefit of a 2a-7 swap provider arrangement under which a swap provider (the **2a-7 swap provider**) will be required to make a principal payment under the relevant Master Issuer swap agreement to the Master Issuer to enable the Master Issuer to redeem a class (or sub-class) of Master Issuer notes in full on their bullet repayment date (unless an asset trigger event has occurred on or prior to that date) notwithstanding that it has not received the corresponding principal payment required to be made by the Master Issuer under the relevant Master Issuer swap agreement. A failure by the Master Issuer to make the full principal repayment on the bullet repayment date of the term advance corresponding to the relevant class (or sub-class) of Master Issuer notes for which the relevant Master Issuer swap was entered into will not constitute an event of default or a termination event under the relevant Master Issuer swap agreement. If such arrangements apply to any money market notes, the relevant final terms will, in addition to providing information regarding a series and class (or sub-class) of money market notes, identify any 2a-7 swap provider in respect of such money market notes and the terms of the applicable Master Issuer swap agreement.

Certain risks relating to repayment of money market notes in reliance on such an arrangement with a 2a-7 swap provider are described under "**Risk factors—You may be subject to risks relating to exchange rates or interest rates on the Master Issuer notes or risks relating to reliance on a 2a-7 swap provider**".

Redemption and repayment

If not redeemed earlier, each series and class (or sub-class) of Master Issuer notes will be redeemed by the Master Issuer on the final maturity date specified for such series and class (or sub-class) of Master Issuer notes in the relevant final terms.

For more information on the redemption of the Master Issuer notes, see "**The mortgages trust—Cash management and allocation of trust property—principal receipts**" and "**Cashflows**". See also "**Overview of the Master Issuer notes—Payment and ranking of the Master Issuer notes**".

Optional redemption or repurchase of the Master Issuer notes

The Master Issuer may redeem all, but not a portion, of a series and class (or sub-class) of Master Issuer notes at their aggregate redemption amount, together with any accrued and unpaid interest in respect thereof by giving notice in accordance with the terms and conditions of the Master Issuer notes of that issue, subject to the Master Issuer notes not having been accelerated and the availability of sufficient funds, as described in detail in **condition 6.5** (Optional Redemption for Tax and other Reasons) under "**Terms and conditions of the notes**" (subject to certain conditions set out therein) in the following circumstances:

- if at any time it would become unlawful for the Master Issuer to make, fund or to allow to remain outstanding a term advance made by it under the master intercompany loan agreement; or
- on any interest payment date in the event of particular tax changes affecting the Master Issuer, the Master Issuer notes or the corresponding term advances under the master intercompany loan agreement,

(see **condition 6.5** (Optional Redemption for Tax and other Reasons)).

In addition, the Master Issuer may redeem in the same manner as stated in the previous paragraph a series and class (or sub-class) of Master Issuer notes outstanding:

- on the step-up date relating to such series and class (or sub-class) of Master Issuer notes (as specified in the relevant final terms) and on any interest payment date thereafter; or
- on any interest payment date on which the aggregate principal amount of such series and class (or sub-class) of Master Issuer notes and all other classes of Master Issuer notes of the same series is less than 10 per cent. of the aggregate principal amount outstanding of such series of Master Issuer notes as at the relevant closing date on which such series of Master Issuer notes was issued; or
- on the date specified as the "**optional redemption date**" for such notes in the applicable final terms and on each interest payment date thereafter,

(see **condition 6.4** (Optional Redemption in Full)).

Optional redemption in part

Provided a note acceleration notice has not been served and subject to the provisos below, upon giving not more than 30 nor less than 15 days' prior notice to the note trustee and the noteholders in accordance with **condition 12.10** (*Notice to Noteholders*), the Master Issuer may redeem a series and class of Master Issuer notes in the instalment amounts specified in the applicable final terms, together with any accrued and unpaid interest in respect thereof, on the date specified as the optional partial redemption date in respect of such instalment amount for such Master Issuer notes in the applicable final terms and on any interest payment date for such Master Issuer notes thereafter, provided that on or prior to giving any such notice, the Master Issuer shall have provided to the note trustee a certificate signed by two directors of the Master Issuer to the effect that (i) it will have the funds, not subject to any interest of any other person, required to redeem such Master Issuer notes as aforesaid and any amounts required to be paid in priority to or *pari passu* with such Master Issuer notes in accordance with the terms and conditions of the Master Issuer deed of charge and the Master Issuer cash management agreement, and (ii) the repayment tests will be satisfied following the making of such redemptions, and the note trustee shall be entitled to accept such certificate as sufficient evidence thereof, without further enquiry or investigation and without liability to any person in which event it shall be conclusive and binding on the noteholders and all other persons. Such optional redemption will be reflected in the records of Euroclear and Clearstream, Luxembourg as either a Pool Factor or a reduction in nominal amount, at their discretion.

Withholding tax

Payments of interest and principal with respect to the Master Issuer notes will be made subject to any withholding or deduction for or on account of any taxes, and neither the Master Issuer nor any other person will be obliged to pay additional amounts in relation thereto. The applicability of any UK withholding tax on interest payments is discussed under "**UK taxation**".

The programme date

On the programme date, the Master Issuer and other principal transaction parties entered into the transaction documents in relation to the establishment of the programme and the amendment and restatement of certain transaction documents (some of which are also Funding transaction documents).

Credit enhancement

Subject to the detailed description and limits set forth under the heading "**Credit structure**", the Master Issuer notes of each series will have the benefit of the following credit enhancement or support:

- availability of excess portions of Funding available revenue receipts (which consist of revenue receipts on the loans paid by the mortgages trustee to Funding and other amounts as set forth under the heading "**Cashflows—Distribution of Funding available revenue receipts**") and of Funding available principal receipts (which consist of principal receipts on the loans paid by the mortgages trustee to Funding and other amounts as set forth under the heading

"Cashflows—Distribution of Funding available principal receipts prior to enforcement of the Funding security or the occurrence of a trigger event or enforcement of the Master Issuer security—Definition of Funding available principal receipts");

- reserve funds that will be used in certain circumstances by Funding to meet any deficit in revenue or to repay amounts of principal; and
- subordination of junior classes of notes.

The Master Issuer notes will also have the benefit of derivative instruments, namely the Funding swap(s) provided by Santander UK and any Master Issuer currency and interest rate swaps in respect of the relevant series and class of Master Issuer notes as specified in the relevant final terms. For a more detailed description of Santander UK, see **"Santander UK"** below. See **"Swap agreements"** below.

Funding principal deficiency ledger

A principal deficiency ledger has been established to record principal losses on the loans allocated to Funding and the application of Funding available principal receipts to meet any deficiency in Funding available revenue receipts or to fund the Funding liquidity reserve fund (if any) up to the Funding liquidity reserve required amount.

The Funding principal deficiency ledger has six sub-ledgers which will correspond to each of the AAA term advances, the AA term advances, the A term advances, the BBB term advances, the NR term advances and the Funding loan, respectively. See **"Credit structure—Principal deficiency ledger"**.

Trigger events

If an asset trigger event or non-asset trigger event should occur, then payments on the Master Issuer notes may be altered, as described in **"Cashflows"**.

The trigger events are described above in the section headed **"Triggers Tables"**.

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

Acceleration

All Master Issuer notes will become immediately due and payable and the Master Issuer security will become enforceable on the service on the Master Issuer by the note trustee of a note enforcement notice. The note trustee becomes entitled to serve a note enforcement notice at any time after the occurrence of a note event of default in respect of a series and class (or sub-class) of Master Issuer notes (and it shall, subject to being indemnified and/or secured and/or pre-funded to its satisfaction, do so on the instructions of the noteholders of the applicable class of Master Issuer notes across all series (holding in aggregate at least one quarter in principal amount outstanding of such class of notes) or if directed to do so by an extraordinary resolution of the holders of the relevant class of notes then outstanding) provided that, at such time, all Master Issuer notes ranking in priority to such class of notes have been repaid in full.

Foreign law notes

The programme is currently structured so that the Master Issuer will issue each series of notes under the trust deed. The trust deed, the Master Issuer notes and any non-contractual obligations arising out of or in connection with them are governed by, and are to be construed in accordance with, English law.

However, the Master Issuer may choose to issue non-LSE listed notes or unlisted notes or notes which are governed by, and are to be construed in accordance with, a law other than English law (**foreign law notes**). In order to issue foreign law notes under the programme, certain amendments to the existing transaction documents and the execution of further transaction documents may be required. Your consent to those amendments and the execution of those further transaction documents may not be required (see **"Risk factors—The security trustee, the Master Issuer security trustee and/or the note trustee may agree modifications to the transaction documents without your prior consent, which may adversely affect your interests"**).

It is expected that if the Master Issuer does issue foreign law notes, application will not be made for those notes to be admitted to the Official List of the FCA and will not be made for those notes to be admitted to trading on the main market of the London Stock Exchange. Rather, it is expected that the Master Issuer would apply for the foreign law notes to be admitted to listing and/or trading on a foreign stock exchange and/or listing authority and that those notes would be offered pursuant to an offering document other than this base prospectus.

The loans

The loans comprising the portfolio (included in the trust property) from time to time have been and will be originated by the seller and secured by first legal charges over freehold or leasehold properties located in England or Wales or by first-ranking standard securities over heritable or long leasehold properties in Scotland.

The loans in the portfolio consist of several different types with a variety of characteristics relating to, among other things, calculation of interest and repayment of principal and comprise or will comprise:

- loans which are subject to variable rates of interest set by the seller based on general interest rates and competitive forces in the UK mortgage market from time to time;
- loans which track a variable rate of interest other than a variable rate set by the seller (for example, a rate set at a margin above rates set by the Bank of England); and
- loans which are subject to fixed rates of interest, including capped rate loans that are subject to the specified capped rate of interest, set by reference to a predetermined rate or series of rates for a fixed period or periods.

The loans in the portfolio will also include flexible loans. A flexible loan allows the borrower to, among other things, make larger repayments than are due on a given payment date (which may reduce the life of the loan) or draw further amounts under the loan. A flexible loan also allows the borrower to make under-payments or to take payment holidays. Any drawings under flexible loans will be funded solely by the seller. This means that the drawings under flexible loans will be added to the trust property and will be included in the seller's share of the trust property for the purposes of allocating interest and principal.

See "**The loans—Characteristics of the loans**" for a more detailed description of the loans offered by the seller and see the relevant final terms for statistical information on the expected portfolio.

The trust property may be supplemented by the seller assigning new loans to the mortgages trustee from time to time after the date of this base prospectus.

New loans assigned to the mortgages trustee will be required to comply with specified criteria (see "**Assignment of the loans and their related security—Assignment of loans and their related security to the mortgages trustee**"). Any new loans assigned to the mortgages trustee will increase the total size of the trust property, and will increase the Funding share of the trust property to the extent only that Funding has paid for an increased share of the trust property. To the extent that Funding does not pay for an increased share, the seller share of the trust property will increase by a corresponding amount.

Assignment of the loans

The seller assigned the portfolio to the mortgages trustee on the initial closing date and on a number of subsequent dates pursuant to the terms of the mortgage sale agreement. After the date of this base prospectus, the seller may assign further new loans and their related security to the mortgages trustee in order to increase or maintain the size of the trust property. The seller may increase the size of the trust property from time to time in relation to an issue of Master Issuer notes under the programme or new notes by a new issuing entity, the proceeds of which are applied ultimately to fund the assignment of the new loans and their related security to the mortgages trustee, or to comply with its obligations under the mortgage sale agreement as described under "**Assignment of the loans and their related security**".

Although the seller has sold or will sell the loans to the mortgages trustee, the seller continues to have an interest in the loans as one of the beneficiaries of the mortgages trust.

Some fees payable by the mortgage borrowers, such as early repayment fees, will be given back to the seller and not included in the trust property. For more information, see "**Assignment of the loans and their related security**".

The mortgages trust

The mortgages trustee holds the trust property for both Funding and the seller. Funding and the seller each has a joint and undivided beneficial interest in the trust property. However, payments of interest and principal arising from the loans in the trust property are allocated to Funding and the seller according to Funding's share of the trust property and the seller's share of the trust property, calculated periodically as described later in this section. As at the date of this base prospectus, the beneficiaries of the trust are Funding and the seller only. At a later date, new funding entities may become beneficiaries of the trust (subject to the agreement of the seller and Funding).

The trust property will be made up of the loans in the portfolio and their related security and any income generated by the loans or their related security. The trust property will also include any money in the mortgages trustee guaranteed investment contract, or GIC, account and in any other bank account or bank accounts held by the mortgages trustee (as agreed by the mortgages trustee, Funding, the seller and the security trustee) from time to time, called the alternative accounts. Any bank account of the mortgages trustee will be managed by the cash manager under the cash management agreement. The mortgages trustee GIC account is the bank account in which the mortgages trustee holds any cash that is part of the trust property until it is distributed to the beneficiaries. The alternative accounts are accounts into which payments by some borrowers are paid initially. Amounts on deposit in the alternative accounts are swept into the mortgages trustee GIC account on a regular basis but in any event no later than the next London business day after they are deposited in the relevant alternative account.

In addition, drawings under flexible loans, and any new loans and their related security that the seller assigns to the mortgages trustee after the date of this base prospectus, will be part of the trust property, unless they are repurchased by the seller. The seller will be solely responsible for funding drawings under flexible loans. The composition of the trust property will fluctuate as drawings under flexible loans and new loans are added and as the loans that are already part of the trust property are repaid or mature or default or are repurchased by the seller.

The relevant final terms will set out the approximate amounts of Funding's share of the trust property and the seller's share of the trust property as at the relevant closing date and will be calculated in accordance with the formula described in "**The mortgages trust—Funding share of the trust property**" and "**The mortgages trust—seller share of the trust property**".

Income (but not principal) from the trust property is distributed at least monthly to Funding and the seller on each distribution date. A **distribution date** is the eighth day (or, if not a London business day, the next succeeding London business day) of each month after the relevant closing date (as specified in the relevant final terms) and any other day during a month that Funding acquires a further interest in the trust property and/or the mortgages trustee acquires new loans from the seller.

On each **trust calculation date** (being (i) prior to the day on which the mortgages trust is terminated, the London business day following the last day of each calendar month, and (ii) the day on which the mortgages trust is terminated), Funding's share and the seller's share of the trust property, and the percentage of the total to which each relates, are recalculated to take into account:

- principal payments on the loans distributed to Funding and/or the seller since the last trust calculation date (in general, a principal payment made to a party reduces that party's share of the trust property);
- any drawings under flexible loans since the last trust calculation date (these will be funded by the seller and, in general, the seller's share of the trust property will increase accordingly);
- any increase in Funding's share of the trust property acquired since the last trust calculation date and any corresponding decrease in the seller's share (which happens when Funding receives additional funds under a new intercompany loan and which, in general, increases Funding's share of the trust property);

- the assignment of any new loans to the mortgages trustee which increases the total size of the trust property (and the Funding share or seller share of the trust property will increase depending on whether Funding has provided consideration for all or a portion of that assignment);
- any repurchase of any loan by the seller from the mortgages trustee pursuant to its obligations under the mortgage sale agreement;
- any decrease in the interest charging balance of a flexible loan due to a borrower making overpayments (which reduces the outstanding balance of the relevant flexible loan at that time) (see "**The mortgages trust—Fluctuation of the Funding's share / seller's share**"); and
- any increase in the interest charging balance of a flexible loan due to a borrower taking a payment holiday or making an underpayment (which increases the share of Funding and the seller in the trust property unless the seller has made a payment to Funding to increase its share of the trust property (see "**The mortgages trust—Acquisition by the seller of a further interest in the trust property**")).

On each distribution date, income (but not principal) from the trust property is distributed to Funding and losses on the loans are allocated to Funding, in each case in proportion to Funding's percentage of the trust property calculated on the previous trust calculation date. Similarly, income (but not principal) and losses from the trust property are distributed or, in the case of losses, allocated to the seller in accordance with the seller's percentage of the trust property calculated on the previous trust calculation date.

Whether the mortgages trustee distributes principal received on the loans to Funding depends on a number of factors. In general, Funding receives payment of principal in, *inter alia*, the following circumstances:

- when Funding is accumulating principal during a cash accumulation period in order to repay the bullet term advances;
- when Funding is scheduled to make repayments on a scheduled amortisation term advance or to accumulate funds during a scheduled amortisation period in order to repay the scheduled amortisation term advance (in which case principal receipts on the loans in general will be paid to Funding during the scheduled amortisation period based on the amounts required by Funding to pay the amounts that will fall due and payable in respect of the scheduled amortisation term advance on the next following interest payment date) (see "**The mortgages trust—Mortgages trust allocation and distribution of principal receipts prior to the occurrence of a trigger event**");
- when Funding is required to pay any amounts which will fall due and payable in respect of pass-through term advances or in respect of the Funding loan;
- when a non-asset trigger event has occurred and an asset trigger event has not occurred (in which case principal receipts on the loans will be allocated and paid to Funding first); or
- when an asset trigger event has occurred or the security granted by Funding to the security trustee has been enforced (in which case principal receipts on the loans will be paid to Funding in proportion to its share of the trust property).

For more information on the mortgages trust, the cash accumulation period, the scheduled amortisation period and the distribution of principal receipts on the loans, including a description of when a non-asset trigger event or an asset trigger event will occur, see "**The mortgages trust**".

Intercompany loans

The Master Issuer has entered into the master intercompany loan agreement with Funding. As used in this base prospectus, term advances made by the Master Issuer to Funding under the master intercompany loan agreement in respect of a particular issue of Master Issuer notes will constitute an intercompany loan separate from any previous intercompany loans and/or any new intercompany loans. As described under "—

Relationship between the Master Issuer notes and the master intercompany loan", each intercompany loan will consist of multiple term advances, each corresponding to a particular series and class (or sub-class) of Master Issuer notes. The term advances may comprise AAA term advances, AA term advances, A term advances, BBB term advances and NR term advances reflecting the ranking assigned to each term advance (see "**The master intercompany loan agreement—Ratings designations of the relevant term advances**"). The term advance related to a series and class (or sub-class) of Master Issuer notes will be specified for such series and class (or sub-class) of Master Issuer notes in the relevant final terms. The terms of each term advance will be set forth in the relevant term advance supplement and the master intercompany loan agreement.

From time to time and subject to certain conditions, the Master Issuer will lend amounts to Funding using the proceeds of each issuance of or, as applicable, the sterling equivalent to the proceeds of each issuance of, a series and class (or sub-class) of Master Issuer notes. Funding will use the funds advanced under each such term advance under the master intercompany loan to:

- make a payment to the seller as consideration for the sale of the loans (together with their related security) sold by the seller to the mortgages trustee in connection with the relevant issue by the Master Issuer and the making of the relevant term advances to Funding, which will result in an increase in the amount of the trust property and a corresponding adjustment to the value of the Funding share of the trust property and the value of the seller share of the trust property;
- acquire part of the seller share of the trust property which will result in a corresponding decrease of the seller share of the trust property and a corresponding increase in the Funding share of the trust property;
- fund or replenish the first reserve fund; and/or
- make a payment to the Master Issuer or a new issuing entity to refinance a previous term advance, a current term advance or a new term advance (in whole or in part).

As described in "**– The Master Issuer notes—Relationship between the Master Issuer notes and the master intercompany loan**", each current intercompany loan under the master intercompany loan will be split into multiple term advances to match the underlying series and classes (or sub-classes) of Master Issuer notes: the AAA term advances, matching the issue of the class A notes of each series; the AA term advances, matching the issue of the class B notes of each series; the A term advances, matching the issue of the class M notes of each series; the BBB term advances, matching the issue of the class C notes of each series; and the NR term advances, matching the issue of the class Z notes. Together these advances are referred to in this base prospectus as the **term advances**.

Subject to the provisions of the relevant Funding priority of payments (see "**Cashflows**"), Funding will repay each term advance under the master intercompany loan agreement and the Funding loan from payments received from Funding's share of the trust property from the mortgages trustee, as described under "**—The mortgages trust**". To the extent required, but subject to certain limits and conditions, Funding may also apply amounts standing to the credit of the first reserve fund and the Funding liquidity reserve fund (if any) in making payments of interest and principal due under the master intercompany loan agreement. The Master Issuer will make payments of interest and principal on the Master Issuer notes primarily from payments of interest and principal made by Funding under the master intercompany loan agreement. The repayment schedule for the series of each term advance is as set out in the relevant final terms.

A term advance may be a bullet term advance, a scheduled amortisation term advance or a pass-through term advance. A **bullet term advance** is a term advance that is designated as such and is scheduled to be repaid in full in one instalment on one interest payment date. A **scheduled amortisation term advance** is a term advance that is designated as such and scheduled to be repaid in one or more instalments on one or more interest payment dates (which may be in addition to the final repayment date). Such instalments and interest payment dates are referred to as **scheduled amortisation amounts** and **scheduled repayment dates**. A **pass-through term advance** is a term advance that is designated as such and has no scheduled repayment date other than its final repayment date. Term advances with pass-through repayment will be due and payable on and after the interest payment date specified in the relevant final terms. The designation and type of term advance and the repayment schedule, if any, for the term advances advanced in connection with a particular series and class (or sub-class) of Master Issuer notes will be set out in the relevant final terms.

Funding is generally required to repay principal on the term advances of any intercompany loan based on their respective term advance rankings. This means that the AAA term advances are repaid before the AA term advances, which in turn are repaid before the A term advances, which in turn are repaid before the BBB term advances and which in turn are repaid before the NR term advances. The NR term advances will be paid *pro rata* and *pari passu* with the Funding loan. Prior to the occurrence of a trigger event or notice of enforcement of the Funding security or of the Master Issuer security, there are a number of exceptions to this priority of payments. For further information on such exceptions, see "**Cashflows—Distribution of Funding available principal receipts prior to enforcement of the Funding security or the occurrence of a trigger event or enforcement of the Master Issuer security—Rules for application of Funding available principal receipts and Funding principal receipts**". This means that payments on the AAA term advances, the AA term advances, the A term advances, the BBB term advances and the NR term advances under an intercompany loan, even though they may have a lower term advance rating than the relevant bullet term advance under another intercompany loan, should not be affected by the cash accumulation period under that other intercompany loan.

If Funding is in a cash accumulation period for a bullet term advance or a scheduled amortisation period for a scheduled amortisation term advance under an intercompany loan, then Funding will continue to set aside amounts in respect of the bullet term advance or scheduled amortisation term advance and make principal repayments in respect of any of the term advances (including, for the avoidance of doubt, pass-through term advances) of each series due and payable under any other intercompany loan based on the amount of principal receipts paid by the mortgages trustee to Funding on each distribution date and the share of those which is allocable to that other intercompany loan (see "**Cashflows—Distribution of Funding available principal receipts prior to enforcement of the Funding security or the occurrence of a trigger event or enforcement of the Master Issuer security—Rules for application of Funding available principal receipts and Funding principal receipts**"). This means that during the cash accumulation period for any bullet term advance or the scheduled amortisation period for any scheduled amortisation term advance under an intercompany loan, Funding will continue to make principal repayments on the term advances made under other intercompany loans if those term advances are then due and payable, *pro rata* with any payment of an equal priority subject to having sufficient funds therefor after meeting its obligations with a higher priority.

When principal amounts are due and payable on a bullet term advance or scheduled amortisation term advance under an intercompany loan, and principal amounts are also due and payable on any of the AAA term advances, the AA term advances, the A term advances, the BBB term advances or the NR term advances under another intercompany loan, Funding will continue to make principal repayments on those AAA term advances, AA term advances, A term advances, BBB term advances, or NR term advances, based on the amount of principal receipts paid by the mortgages trustee to Funding on each distribution date and the portion thereof which is allocable to that other intercompany loans (see "**Cashflows—Distribution of Funding available principal receipts prior to enforcement of the Funding security or the occurrence of a trigger event or enforcement of the Master Issuer security—Rules for application of Funding available principal receipts and Funding principal receipts**").

If on an interest payment date in respect of which principal is scheduled to be paid on any AA term advance, A term advance, BBB term advance or NR term advance, the amount of principal due (or any part thereof) in respect of the AA term advance, A term advance, BBB term advance or NR term advance, as the case may be, will only be payable if, after giving effect to such payment and the payment to be made on such date in respect of the related series and class (or sub-class) of Master Issuer notes, the required amount of subordination in respect of the relevant series and class (or sub-class) of Master Issuer notes is maintained (see "**Cashflows—Distribution of Funding available principal receipts prior to enforcement of the Funding security or the occurrence of a trigger event or enforcement of the Master Issuer security—Rules for application of Funding available principal receipts and Funding principal receipts—2. Repayment tests**").

Whether Funding will have sufficient funds to repay the term advances, on the dates described in the relevant final terms, will depend on a number of factors (see "**Risk factors—The yield to maturity of the Master Issuer notes may be adversely affected by prepayments or redemptions on the loans**" and "**—The Master Issuer's ability to redeem the Master Issuer notes on their scheduled redemption dates may be affected by the rate of prepayment on the loans**").

The circumstances under which the Master Issuer can take action against Funding if it does not make a repayment under the master intercompany loan agreement are limited. In particular, it will not be an event of default in respect of the master intercompany loan agreement if Funding does not repay amounts due in

respect of the master intercompany loan where Funding does not have the money to make the relevant repayment. For more information on the master intercompany loan agreement, see "**The master intercompany loan agreement**".

Funding loan

The Funding loan provider granted to Funding an uncommitted sterling loan facility in an aggregate maximum amount of up to £1,000,000,000 under the Funding loan agreement. Either the security trustee or the cash manager may place an irrevocable request for an advance under the Funding loan upon satisfaction of certain conditions set forth in the Funding loan agreement. Funds advanced under the Funding loan must be used by Funding to make a contribution to the mortgages trust thereby increasing the Funding share. It is a condition for making a deposit in the Santander A-2/P-2/F2 account under the panel bank guidelines that the Funding loan has been drawn in an amount at least equal to the amount deposited in such account.

Interest will accrue on the outstanding balance of the Funding loan at a rate set forth in the Funding loan agreement. The repayment of the Funding loan is subordinated to all other payments or provisions ranking in priority to payments to be made to the Funding loan provider in accordance with the terms of the Funding loan agreement and the Funding deed of charge. Payments of both principal and interest on the Funding loan will be payable, without priority among them but in proportion to the respective amounts due, with amounts due under the NR term advance as set forth in the relevant Funding priority of payments, see "**The Funding Loan agreement**".

Security granted by Funding and the Master Issuer

To secure its obligations to the Master Issuer under the master intercompany loan and to Funding's other secured creditors, Funding entered into a deed of charge on 26 July 2000 which has been supplemented, amended and restated from time to time. This deed of charge between Funding, the security trustee, the Master Issuer and the other secured creditors of Funding (as supplemented, amended and restated from time to time) is referred to in this base prospectus as the **Funding deed of charge**. Pursuant to the Funding deed of charge, Funding grants security over all of its assets in favour of the security trustee. Besides the Master Issuer, Funding's secured creditors as at the date of this base prospectus are the Funding swap provider, the cash manager, the account banks, the corporate services provider, the security trustee, Santander UK (as the start-up loan provider and as Funding loan provider) and the seller. The security trustee holds that security for the benefit of the secured creditors of Funding, including the Master Issuer. This means that Funding's obligations to the Master Issuer under the master intercompany loan and to the other secured creditors are and will be secured over the same assets. Except in very limited circumstances, only the security trustee is entitled to enforce the security granted by Funding. For more information on the security granted by Funding, see "**Security for Funding's obligations**". For details of post-enforcement priority of payments, see "**Cashflows**".

To secure the Master Issuer's obligations to the noteholders and to its other secured creditors, the Master Issuer has granted security over all of its assets in favour of the Master Issuer security trustee pursuant to a deed of charge dated 28 November 2006, as amended and restated from time to time (the **Master Issuer deed of charge**). As at the date of this base prospectus, the Master Issuer's secured creditors are the Master Issuer security trustee, the note trustee, the noteholders, the agent bank, the Master Issuer cash manager, the Master Issuer account banks, the paying agents, the registrar, the transfer agent, the Master Issuer swap providers and the corporate services provider. The Master Issuer security trustee holds that security for the benefit of the Master Issuer's secured creditors, including the noteholders. This means that the Master Issuer's obligations to its other secured creditors are and will be secured over the same assets that secure the Master Issuer's obligations under the Master Issuer notes. Except in very limited circumstances, only the Master Issuer security trustee will be entitled to enforce the security granted by the Master Issuer. For more information on the security granted by the Master Issuer, see "**Security for the Master Issuer's obligations**". For details of post-enforcement priority of payments, see "**Cashflows**".

Swap providers

The Funding swap provider is Santander UK plc. Its registered office is 2 Triton Square, Regent's Place, London NW1 3AN.

The Funding swap provider has entered into Funding swap agreements with Funding, each of which is in the form of a 1992 ISDA Master Agreement (multicurrency – cross border) (including a schedule thereto,

a credit support annex to such schedule and a written confirmation evidencing each transaction thereunder) under which the Funding swap(s) have been/will be documented.

To enable the Master Issuer to make payments in respect of series and classes (or sub-classes) of Master Issuer notes denominated in currencies other than sterling or which accrue interest at a fixed rate or floating rate other than the rate of interest payable in respect of the term advances, the Master Issuer will enter into Master Issuer currency swap agreements, Master Issuer interest rate swap agreements or Master Issuer basis-rate swap agreements with a Master Issuer swap provider as specified in the relevant final terms which are in the form of 1992 ISDA Master Agreements (multicurrency – cross border) (each including a schedule thereto and written confirmation evidencing a transaction thereunder) in respect of the relevant currencies or interest rates.

Swap agreements

Borrowers will make payments under the loans in pounds sterling. Some of the loans carry variable rates of interest, some of the loans pay interest at a fixed or capped rate or rates of interest and some of the loans pay interest at a rate which tracks an interest rate other than the variable rate set by Santander UK or the mortgages trustee (for example the interest rate may be set at a margin above rates set by the Bank of England). These interest rates do not necessarily match the floating rate of interest payable on the term advances under the intercompany loans and, accordingly, Funding has entered into Funding swap agreements with the Funding swap provider.

In certain circumstances, and only with effect from the date of the transfer of legal title to the portfolio (or a part thereof), the servicer may reset the variable rate to a SONIA-based rate (see "**The servicing agreement**" below).

Under the Funding swap agreements, Funding will make quarterly payments to the Funding swap provider based on either: (i) in the case of the variable rate loans Funding swaps, a rate of interest equal to the weighted average of the variable rates of interest charged to borrowers of the relevant loans which are subject to variable rates of interest, or (ii) in the case of the tracker rate loans Funding swaps, a rate equal to the weighted average of the tracker rates of interest charged to borrowers of relevant tracker loans or (iii) in the case of the fixed rate loans Funding swaps, the weighted average of the fixed rates of the relevant fixed rate loans (including capped rate loans that are subject to the specified capped rate of interest) and the Funding swap provider will make quarterly payments to Funding based on the floating rates of interest payable on the intercompany loans outstanding at that time.

Payments made by the mortgages trustee to Funding under the mortgages trust deed, payments made by Funding to the Master Issuer under the master intercompany loan agreement and any drawings under the Funding liquidity reserve fund will be made in pounds sterling. To enable the Master Issuer to make payments on the interest payment dates in respect of a series of Master Issuer notes (other than sterling-denominated notes) in their respective currencies, the Master Issuer will enter into Master Issuer currency swap agreements.

The term advances under the master intercompany loan will pay quarterly interest calculated by reference to SONIA, plus a margin for each term advance.

To enable the Master Issuer to make payments on Master Issuer notes denominated in sterling which accrue interest at a floating rate other than three-month sterling SONIA, the Master Issuer will enter into basis-rate swap agreements. In the case of Master Issuer notes denominated in a currency other than sterling, the relevant currency swap agreement will also hedge such interest rate exposure.

To enable it to make payments on Master Issuer notes which accrue a fixed rate of interest, the Master Issuer will enter into interest rate swaps in respect of each relevant series and class (and/or sub-class) of Master Issuer notes.

The terms of the swaps and certain additional information about the relevant Master Issuer swap providers will be described in greater detail under the heading "**The swap agreements**" in this base prospectus and under the heading "**The swap agreements**" in the relevant final terms.

New issuing entities and new funding entities

It is not necessary to obtain your approval for any issuance of new notes, nor is it necessary to provide you with notice of any such issuance.

Subject to satisfaction of certain conditions, Holdings may establish additional wholly owned subsidiary companies to issue new notes to investors. One of these conditions is that the ratings of the Master Issuer rated notes will not be adversely affected at the time a new issuing entity issues new notes. As set forth in detail under "**The master intercompany loan agreement—New intercompany loan agreements with new issuing entities**", any new issuing entities may loan the proceeds of any issue of new notes to Funding (or to a new funding entity, as described below) pursuant to the terms of a new intercompany loan agreement. Funding will use the proceeds of a new intercompany loan to do one or more of the following:

- pay the seller for new loans and their related security to be assigned to the mortgages trustee, which will result in an increase in Funding's share of the trust property;
- pay the seller for an increase in Funding's share of the trust property (resulting in a corresponding decrease in the seller's share of the trust property);
- refinance an intercompany loan or intercompany loans outstanding at that time, which will not result in a change in the size of Funding's share of the trust property. In these circumstances, Funding will use the proceeds of the new intercompany loan to repay an intercompany loan outstanding at that time, which the relevant issuing entity will, provided that the terms of the relevant issuing entity notes then permit such optional redemption, use to repay the relevant noteholders. If any intercompany loan to Funding is refinanced in these circumstances, the holders of the relevant notes could be repaid early; and/or
- make a deposit in one or more of the reserve funds.

Regardless of which of these uses of proceeds is selected, the previous notes, the Master Issuer notes and any new notes will all be secured ultimately over Funding's share of the trust property and will be subject to the ranking described in the following paragraphs.

Funding will apply amounts it receives from the trust property to pay amounts it owes under the previous term advances, the current term advances and new term advances without distinguishing when the share in the trust property was acquired or when the relevant term advance was made. Funding's obligations to pay interest and principal to the Master Issuer on its previous, current or new term advances and to the new issuing entities on their respective term advances will rank either equal with, ahead of or after each other, primarily depending on the relative designated rating of each previous term advance, current term advance and new term advance. The designated rating (if any) of a previous term advance, current term advance or new term advance will be the rating assigned by the rating agencies (if applicable) to the previous notes, the Master Issuer notes or the new notes that are used to fund the relevant term advance, on their date of issue. Funding will pay interest and (subject to their respective scheduled repayment dates and the rules for application of principal receipts described in "**Cashflows—Distribution of the Funding available principal receipts prior to enforcement of the Funding security or the occurrence of a trigger event or enforcement of the Master Issuer security—Rules for application of Funding available principal receipts and Funding principal receipts**") principal first on the previous term advances, the current term advances and the new term advances with the highest rating, and thereafter on the previous term advances, the current term advances and the new term advances with the next highest rating, and so on down to the previous term advances, the current term advances and the new term advances with the lowest term advance rating or those previous term advances, current term advances and new term advances without a rating. Accordingly, any term advance in relation to previous notes or new notes that have an AAA rating will rank equally with Funding's payments of interest and (subject to their respective scheduled repayment dates and the rules referred to in this paragraph) principal on the AAA term advances and will rank ahead of Funding's payments of interest and principal on the AA term advances, the A term advances, the BBB term advances and the NR term advances.

It should be noted, however, that although a previous term advance, a current term advance and any new term advance may rank equally, principal payments may be made earlier on the previous term advances,

new term advances or the current term advances, as the case may be, depending on their scheduled repayment and final repayment dates.

If Funding utilises a new intercompany loan, the terms of the Funding swap agreements each provide that the notional amount of the Funding swap(s) will be increased in order to address the potential mismatch between the variable, tracker and fixed rates of interest paid by borrowers on the loans and the floating rate of interest paid by Funding on the intercompany loans outstanding at that time (including the new intercompany loan), as described further in "**The swap agreements**". The various margins on the fixed, floating and tracker elements of the Funding swap(s) will vary depending on the nature of the loans constituting the trust property from time to time.

If Funding enters into new intercompany loan agreements, it will, if required, simultaneously enter into new start-up loan agreements with a new start-up loan provider which will provide for the costs and expenses of the issue of the new notes and, if required in order to ensure no adverse impact on the ratings of the Master Issuer rated notes, for extra amounts to be credited to the relevant reserve funds. A start-up loan may not be required in relation to an issue of new notes if the costs and expenses associated with the issue of those new notes can be met from amounts in the Funding reserve fund.

The terms of the Funding transaction documents may be amended upon a new issue and your consent will not be required to such amendments, notwithstanding that these changes may affect the cashflow from the mortgages trust and/or Funding that is available to pay amounts due on the Master Issuer notes.

Pursuant to its obligations under the prospectus rules, if a new issuing entity is established to issue new notes, then the Master Issuer will notify or procure that notice is given of that new issue.

Holdings may establish new funding entities, which may, in the future (subject to the agreement of the seller and Funding), use the proceeds of term advances loaned to it by a new issuing entity, from time to time, under a new intercompany loan to either make a payment to the seller or to Funding in order to acquire an interest in the trust property. Any new funding entity would be a wholly owned subsidiary of Holdings and would be organised as a special purpose company in compliance with S&P's bankruptcy remoteness criteria and its proposed establishment would be notified to S&P. In that event, such new funding entity would become a beneficiary of the mortgages trust subject to the satisfaction of certain conditions (see "**Risk factors—Holdings may establish new funding entities, which may become additional beneficiaries under the mortgages trust**").

UK tax status

Subject to important qualifications and conditions set out under "**UK taxation**", Ashurst LLP, UK tax advisers to the Master Issuer, are of the opinion that no UK withholding tax will be required on interest payments to any holder of the Master Issuer notes provided that such Master Issuer notes are, and remain at all times, listed on a recognised stock exchange (the London Stock Exchange being a recognised stock exchange for such purposes).

United States tax status

It is anticipated that Cleary Gottlieb Steen & Hamilton LLP, U.S. tax advisers to the Master Issuer and Funding, will deliver their opinion which will be contained in the relevant final terms that, although there is no authority on the treatment of instruments substantially similar to the Master Issuer notes, the Master Issuer rated notes to which the relevant final terms relate will be treated as debt (or, if indicated in the relevant final terms, should be treated as debt) for U.S. federal income tax purposes. The Master Issuer intends to treat the Master Issuer notes (including any Master Issuer notes which are not Master Issuer rated notes) as debt of the Master Issuer for U.S. federal income tax purposes. The U.S. Internal Revenue Service could seek to recharacterise the Master Issuer notes as an ownership interest in the related debt of Funding. In that case, a U.S. holder of a class of Master Issuer notes generally would be treated as holding Funding debt and a currency swap, which may be integrated as a synthetic debt instrument having the characteristics of the applicable class of Master Issuer notes and substantially the same tax treatment as if the class of Master Issuer notes were characterised as debt of the Master Issuer. See "**United States taxation—Master Issuer notes as debt of Funding**". The U.S. Internal Revenue Service could also seek to recharacterise such notes as equity in the Master Issuer for U.S. federal income tax purposes based on the view that the Master Issuer lacks substantial equity. This recharacterisation is less likely for Master Issuer rated notes than for unrated

notes. If a class of Master Issuer notes were treated as equity, a U.S. holder of such notes would be treated as owning equity in a passive foreign investment company (**PFIC**) or, depending on the level of equity ownership by U.S. holders and certain other factors, a controlled foreign corporation (**CFC**). Treatment of the Master Issuer notes as an equity interest in a PFIC or CFC could subject a U.S. holder to adverse U.S. federal income tax consequences. U.S. investors in the Master Issuer notes are urged to read "**United States taxation—Alternative characterisation of the Master Issuer notes as equity**," below, and to consult their own tax advisers regarding the possible application of the PFIC and CFC rules.

The U.S. tax advisers to the Master Issuer have also provided their opinion that, assuming compliance with the transaction documents, the mortgages trustee acting in its capacity as trustee of the mortgages trust, Funding and the Master Issuer will not be subject to U.S. federal income tax.

ERISA considerations for investors

The Master Issuer notes may be eligible for purchase by employee benefit and other plans subject to section 406 of the U.S. Employee Retirement Income Security Act of 1974, as amended (**ERISA**) and/or section 4975 of the U.S. Internal Revenue Code of 1986, as amended (the **Code**), and by governmental, church or non-U.S. plans that are subject to any state, local, other federal or non-U.S. law or regulation that is substantially similar to section 406 of ERISA and/or section 4975 of the Code (**Similar Law**), subject to consideration of the issues described herein under "**ERISA considerations**". The relevant final terms of the Master Issuer notes will describe their eligibility for purchase by such plan entities. If the Master Issuer notes are eligible for purchase, each purchaser of such Master Issuer notes (and all subsequent transferees thereof) will be deemed to have represented, warranted and agreed that its acquisition, holding and disposition of such Master Issuer notes (or any interest therein) will not result in a non-exempt prohibited transaction under section 406 of ERISA and/or section 4975 of the Code (or in the case of any governmental, church or non-U.S. plan, a violation of any Similar Law). In addition, any fiduciary of a plan subject to the fiduciary responsibility provisions of ERISA or Similar Law should consult with their counsel to determine whether an investment in such Master Issuer notes satisfies the prudence, investment diversification and other applicable requirements of those provisions.

Withholding tax on loans

Under current law, it is not expected that amounts due under the loans are subject to withholding or deduction for or on account of any tax in their jurisdiction of origination.

Fees

The following table sets out the on-going fees to be paid by the Master Issuer, Funding and the mortgages trustee to transaction parties.

Type of Fee	Amount of Fee	Priority in Cashflow	Frequency
Servicing fee	0.12 per cent. per year of Funding's share of trust property	Ahead of all revenue amounts payable to Funding by the mortgages trustee	Each distribution date
Funding cash management fees	£117,500 each year	Ahead of all term advances	Each interest payment date
Master Issuer cash management fees	Estimated £117,500 each year	Ahead of all outstanding Master Issuer notes	Each interest payment date
Corporate expenses of the mortgages trustee	Estimated £20,000 each year	Ahead of all revenue amounts payable to Funding by the mortgages trustee	Each distribution date
Corporate expenses of Funding	Estimated £52,500 each year	Ahead of all term advances	Each interest payment date
Corporate expenses of the Master Issuer	Estimated £52,500 each year	Ahead of all outstanding Master Issuer notes	Each interest payment date
Fee payable by Funding to the security trustee	\$5,000 each year	Ahead of all term advances	Each interest payment date
Fee payable by the Master Issuer to the Master Issuer security trustee and the note trustee	\$6,000 each year	Ahead of all outstanding Master Issuer notes	Each interest payment date

Each of the fees set out in the preceding table is, where applicable, inclusive of VAT, which is currently assessed at 20 per cent. in the UK. Certain fees may be subject to adjustment if the applicable rate of VAT changes.

THE ISSUANCE OF MASTER ISSUER NOTES

The Master Issuer notes will be issued pursuant to the trust deed. The following section and the information set out in "Overview of the Master Issuer notes" and "Terms and conditions of the notes" summarise the material terms of the Master Issuer notes and the trust deed. These summaries do not purport to be complete and are subject to the provisions of the trust deed and the terms and conditions of the Master Issuer notes.

General

The Master Issuer notes will be issued in series. Each series may comprise one or more classes and one or more sub-classes of class A notes, class B notes, class M notes, class C notes and/or class Z notes issued on a single issue date. A class designation determines the relative seniority for receipt of cashflows. The Master Issuer notes of a particular class in different series (and the Master Issuer notes of differing sub-classes of the same class and series) will not necessarily have the same terms. Differences may include principal amount, interest rates, interest rate calculations, currency, permitted redemption dates, final maturity dates and ratings. Each series and class (or sub-class) of Master Issuer notes will be secured over the same property as the Master Issuer notes offered by this base prospectus and the previous notes. The terms of each series and class (or sub-class) of notes will be set forth in the relevant final terms. The class Z variable funding notes may be issued together with other classes of notes of a series, but will not be linked to that particular series. It is not necessary to obtain your approval for any issuance of Master Issuer notes or new notes, nor is it necessary to provide you with notice of any such issuance.

Issuance

The Master Issuer may issue new series and classes (or sub-classes) of further Master Issuer notes and advance new term advances to Funding from time to time without obtaining the consent of the current noteholders. As a general matter the Master Issuer may only issue a new series and class (or sub-class) of further Master Issuer notes if sufficient subordination is provided for that new series and class (or sub-class) of Master Issuer notes by one or more subordinate classes of Master Issuer notes and/or the first reserve fund maintained by Funding from time to time. The required subordinated percentage, which is used to calculate the required subordination amount for each class of Master Issuer notes other than the class Z notes, will be set forth in the relevant final terms for each series of that class (or sub-class) of notes under the heading "**Summary—Required subordinated percentage**". Similarly, the Funding reserve fund required amount in effect at the time of an offering of notes will be specified in the relevant final terms under the heading "**Summary—Funding reserve fund required amount**". The required subordinated percentage and the Funding reserve fund required amount are subject to change. The conditions and tests (including the required levels of subordination) necessary to issue a series and class (or sub-class) of Master Issuer notes, or the "**issuance tests**", include the following:

All classes of Master Issuer notes

Master Issuer notes may only be issued upon satisfaction of certain conditions precedent. In particular, new notes may be issued only if the following conditions (among others) are satisfied:

- the Master Issuer has obtained a written confirmation from each of the rating agencies that the then current ratings of the Master Issuer rated notes outstanding at that time will not be adversely affected as a consequence of such issuance;
- no note event of default outstanding at that time shall have occurred which has not been remedied or waived and no event of default will occur as a consequence of such issuance; and
- as at the most recent interest payment date, no principal deficiency (which remains outstanding) is recorded on the principal deficiency ledger in relation to the term advances (other than the NR term advances) outstanding at that time,

AND,

For the class A notes of any series

On the closing date for that new series of Master Issuer notes and after giving effect to the issuance of that new series of Master Issuer notes, the class A available subordinated amount must be equal to or greater than the class A required subordinated amount.

The **class A required subordinated amount** means, on any date, the product of:

$$A \times B$$

where:

A = the class A required subordinated percentage as specified in the most recent final terms for that issuance of Master Issuer notes for AAA term advances of any series; and

B = the principal amount outstanding of all term advances on such date (after giving effect to any repayments of principal to be made on the term advances on such date) less the amounts standing to the credit of the cash accumulation ledger and the Funding principal ledger available on such date for the repayment of principal on the term advances (after giving effect to any repayments of principal to be made on the term advances on such date).

The **class A available subordinated amount** means, on any date:

(1) the sum of (i) the aggregate of the principal amounts outstanding of the AA term advances of all series, the A term advances of all series, the BBB term advances of all series and the NR term advances of all series (after giving effect to repayments of principal to be made on those term advances on such date); and (ii) the amount of the first reserve fund on such date and (iii) the stressed excess spread;

less

(2) the sum of (i) the amounts standing to the credit of the Funding principal ledger available on such date for the payment of principal on AA term advances, A term advances, BBB term advances and NR term advances (after giving effect to any repayments of principal to be made on the term advances on such date) and (ii) any debit balance on the NR principal deficiency sub-ledger.

For the class B notes of any series

On the closing date for that new series of Master Issuer notes and after giving effect to the issuance of that series of new Master Issuer Notes, the class B available subordinated amount must be equal to or greater than the class B required subordinated amount.

The **class B required subordinated amount** means, on any date, the product of:

$$A \times B$$

where:

A = the class B required subordinated percentage as specified in the most recent final terms for that issuance of Master Issuer notes for AA term advances of any series; and

B = the principal amount outstanding of all term advances on such date (after giving effect to any repayments of principal to be made on the term advances on such date) less the amounts standing to the credit of the cash accumulation ledger and the Funding principal ledger available on such date for the repayment of principal on the term advances (after giving effect to any repayments of principal to be made on the term advances on such date).

The **class B available subordinated amount** means, on any date:

- (1) the sum of (i) the aggregate of the principal amounts outstanding of the A term advances of all series, the BBB term advances of all series and the NR term advances of all series (after giving effect to repayments of principal to be made on those term advances on such date); and (ii) the amount of the first reserve fund on such date and (iii) the stressed excess spread;

less
- (2) the sum of (i) the amounts standing to the credit of the Funding principal ledger available on such date for the payment of principal on A term advances, BBB term advances and NR term advances (after giving effect to any repayments of principal to be made on the term advances on such date) and (ii) any debit balance on the NR principal deficiency sub-ledger.

For the class M notes of any series

On the closing date for that new series of Master Issuer notes and after giving effect to the issuance of that new series of Master Issuer notes, the class M available subordinated amount must be equal to or greater than the class M required subordinated amount.

The **class M required subordinated amount** means, on any date, the product of:

A×B

where:

A = the class M required subordinated percentage as specified in the most recent final terms for that issuance of Master Issuer notes for A term advances of any series; and

B = the principal amount outstanding of all term advances on such date (after giving effect to any repayments of principal to be made on the term advances on such date) less the amounts standing to the credit of the cash accumulation ledger and the Funding principal ledger available on such date for the repayment of principal on the term advances (after giving effect to any repayments of principal to be made on the term advances on such date).

The **class M available subordinated amount** means, on any date:

- (1) the sum of (i) the aggregate of the principal amounts outstanding of the BBB term advances of all series and the NR term advances of all series (after giving effect to repayments of principal to be made on those term advances on such date); and (ii) the amount of the first reserve fund on such date and (iii) the stressed excess spread;

less
- (2) the sum of (i) the amounts standing to the credit of the Funding principal ledger available on such date for the payment of principal on BBB term advances and NR term advances (after giving effect to any repayments of principal to be made on the term advances on such date) and (ii) any debit balance on the NR principal deficiency sub-ledger.

For the class C notes of any series

On the closing date for that new series of Master Issuer notes and after giving effect to the issuance of that new series of Master Issuer notes, the class C available subordinated amount must be equal to or greater than the class C required subordinated amount.

The **class C required subordinated amount** means, on any date, the product of:

A×B

where:

- A = the class C required subordinated percentage as specified in the most recent final terms for that issuance of Master Issuer notes for BBB term advances of any series; and
- B = the principal amount outstanding of all term advances on such date (after giving effect to any repayments of principal to be made on the term advances on such date) less the amounts standing to the credit of the cash accumulation ledger and the Funding principal ledger available on such date for the repayment of principal on the term advances (after giving effect to any repayments of principal to be made on the term advances on such date).

The **class C available subordinated amount** means, on any date:

- (1) the sum of (i) the aggregate of the principal amounts outstanding of the NR term advances of all series (after giving effect to repayments of principal to be made on those term advances on such date); and (ii) the amount of the first reserve fund on such date and (iii) the stressed excess spread;
- less
- (2) the sum of (i) the amounts standing to the credit of the Funding principal ledger available on such date for the payment of principal on NR term advances (after giving effect to any repayments of principal to be made on the term advances on such date) and (ii) any debit balance on the NR principal deficiency sub-ledger.

In relation to the above, the amounts available on any date for the payment of principal on any term advance shall be calculated in accordance with the Funding pre-enforcement principal priority of payments (as set out in "**Cashflows—Distribution of Funding available principal receipts prior to enforcement of the Funding security or the occurrence of a trigger event or enforcement of the Master Issuer security**") and shall be calculated without reference to the rules for the application of Funding available principal receipts (as set out in "**Cashflows—Distribution of Funding available principal receipts prior to enforcement of the Funding security or the occurrence of a trigger event or enforcement of the Master Issuer security**").

Stressed excess spread means, on any date:

- (1) the product of:

$$\frac{X+Y}{2}$$

and the aggregate outstanding principal balance of the term advances advanced under the master intercompany loan agreement less the amount debited to the principal deficiency ledger at such date; less

- (2) the product of the weighted average interest rate of the outstanding Master Issuer notes at such date, including any Master Issuer notes issued on such date (subject to adjustment where the step-up date occurs for any series and class (or sub-class) of Master Issuer notes and taking into account the margins on the Master Issuer swaps as at such date and the expenses of the Master Issuer ranking in priority to payments on such Master Issuer notes) and the aggregate principal amount outstanding of such Master Issuer notes at such date.

where:

- X = the weighted average yield on the loans in the portfolio at such date, together with new loans (if any) to be assigned to the mortgages trustee on such date (taking into account the margins on the Funding swaps as at such date); and
- Y = the weighted average of (a) the weighted average SONIA rate calculated on the immediately preceding interest payment date (in respect of the then current interest period) plus 0.75 per

cent. (or any higher percentage as specified in the most recent final terms) and (b) (if applicable) the reference rate (other than SONIA) applicable to any other outstanding term advances plus 0.75 per cent. (or any higher percentage as specified in the most recent final terms), weighted by the outstanding term advances advanced under the master intercompany loan agreement that reference SONIA and such other reference rate respectively.

The required subordinated amount for any class (or sub-class) of Master Issuer notes or the method of computing the required subordinated amount may be changed at any time without the consent of any noteholders provided confirmation has been obtained from each rating agency then rating any outstanding Master Issuer rated notes that the change will not result in an adverse effect on the then current rating of any outstanding Master Issuer rated notes.

In addition, if confirmation is obtained from each rating agency then rating any outstanding notes that the issuance of a new series and class (or sub-class) of new notes will not cause an adverse effect on the then current rating of any outstanding Master Issuer rated notes rated by that rating agency, then some of the other conditions to issuance described above may be waived by the note trustee. For example, the note trustee may, in accordance with and subject to the provisions of the trust deed, without the consent of the noteholders, but only if and so far as in its opinion the interests of the noteholders of any series and class (or sub-class) of Master Issuer notes shall not be materially prejudiced thereby, determine at the request of the Master Issuer that any note event of default in respect of a series and class (or sub-class) of Master Issuer notes (the absence of which constitutes a condition to issuance of new notes or further Master Issuer notes) shall not be treated as such.

USE OF PROCEEDS

An indication of the application of the proceeds from each issue of Master Issuer notes will be described in the relevant final terms.

THE MASTER ISSUER

Introduction

The Master Issuer was incorporated in England and Wales on 3 October 2006 (registered number 05953811) under the Companies Act 1985 and is a public limited company. The authorised share capital of the Master Issuer comprises 50,000 ordinary shares of £1 each. The issued share capital of the Master Issuer comprises 50,000 ordinary shares of £1 each, 49,998 of which are partly paid to £0.25 each and two of which are fully paid and all of which are beneficially owned by Holdings (see "**Holdings**"). The registered office of the Master Issuer is 2 Triton Square, Regent's Place, London NW1 3AN. The contact email is MTF@santander.co.uk.

The Master Issuer is organised as a special purpose company. The Master Issuer has no subsidiaries. The seller does not own directly or indirectly any of the share capital of Holdings or the Master Issuer.

The principal objects of the Master Issuer are set out in its memorandum of association and include among other things:

- lending money and giving credit, secured or unsecured;
- borrowing or raising money and securing the payment of money;
- granting security over its property for the performance of its obligations or the payment of money; and
- to acquire or enter into financial instruments including derivative instruments.

The Master Issuer was established as a special purpose vehicle for the purposes of issuing asset backed securities and to make the term advances to Funding. The activities of the Master Issuer are limited to making term advances under the master intercompany loan agreement, issuing the Master Issuer notes and other activities incidental thereto.

The Master Issuer has not engaged, since its incorporation, in any material activities other than those incidental to its incorporation and re-registration as a public company under the Companies Act 1985, to the issue of the Master Issuer notes and making the term advances to Funding and to the authorisation and performance of the other transaction documents and activities referred to in this base prospectus.

Under the Companies Act 2006, the Master Issuer's constitutional documents, including the principal objects of the Master Issuer, may be altered by a special resolution of the shareholders.

The activities of the Master Issuer are and will be restricted by the terms and conditions of the Master Issuer notes and are limited to the issue of the Master Issuer notes, making the term advances to Funding, the exercise of related rights and powers, and other activities referred to in this base prospectus or incidental to those activities.

There is no intention to accumulate surplus cash in the Master Issuer (other than amounts retained by the Master Issuer as profit) except in the circumstances set out in "**Security for the Master Issuer's obligations**".

The accounting reference date of the Master Issuer is the last day of December.

Directors and secretary

The following table sets out the directors of the Master Issuer and their respective business addresses and occupations.

Name	Business address	Business occupation	Term of office
Wilmington Trust SP Services (London) Limited	Third Floor 1 King's Arms Yard London EC2R 7AF	Management of Special Purpose Companies	Indefinite, subject to resignation or disqualification under the Companies Act 1985
Daniel Jonathan Wynne	c/o Wilmington Trust SP Services (London) Limited Third Floor 1 King's Arms Yard London EC2R 7AF	Company Director	Indefinite, subject to resignation or disqualification under the Companies Act 1985
Lee Thomas Grant	2 Triton Square Regent's Place London NW1 3AN	Accountant	Indefinite, subject to resignation or disqualification under the Companies Act 1985

The sponsor has caused Wilmington Trust SP Services (London) Limited, a company specialising in acting as directors of special purpose companies, to be a director of the Master Issuer.

The directors of Wilmington Trust SP Services (London) Limited are set out under the section "**Holdings**" in this base prospectus.

The directors' principal activities include the provision of directors and corporate management services to structured finance transactions as directors on the board of Wilmington Trust SP Services (London) Limited.

The company secretary of the Master Issuer is:

Santander Secretariat Services Limited
2 Triton Square
Regent's Place
London NW1 3AN

The directors of Santander Secretariat Services Limited and their respective business addresses and principal activities or business occupations are:

Name	Business address	Principal activities/business occupation
Matthew John Richardson	2 Triton Square Regent's Place London NW1 3AN	Accountant
Nameeta Pai	2 Triton Square Regent's Place London NW1 3AN	Company Secretary
Yewande Olamide Adewuya	2 Triton Square Regent's Place London NW1 3AN	Company Secretary

Name	Business address	Principal activities/business occupation
Sarah Lucy Charsley	2 Triton Square Regent's Place London NW1 3AN	Company Secretary
Vinotha Kamala Anthony	2 Triton Square Regent's Place London NW1 3AN	Company Secretary
Kristen Alexandra Allen	2 Triton Square Regent's Place London NW1 3AN	Company Secretary
John Michael Mills	2 Triton Square Regent's Place London NW1 3AN	Chartered Secretary
Rosamund Martha Rule	2 Triton Square Regent's Place London NW1 3AN	Chartered Governance Professional

In accordance with the Master Issuer corporate services agreement, Wilmington Trust SP Services (London) Limited will provide to the directors of the Master Issuer a registered and administrative office, the service of a company secretary, the arrangement of meetings of directors and shareholders and the procurement of book-keeping services and preparation of accounts. No other remuneration is paid by the Master Issuer to or in respect of any director or officer of the Master Issuer for acting as such.

Under the Master Issuer corporate services agreement, Holdings has agreed to comply with all requests of the Master Issuer security trustee in relation to the appointment and/or removal by Holdings of any of the directors of the Master Issuer.

The Master Issuer has no employees.

Capitalisation statement

The following table shows the capitalisation of the Master Issuer as at the date of this base prospectus:

	<u>£</u>
Authorised share capital	
Ordinary shares of £1 each	<u>50,000</u>
Issued share capital	
2 ordinary shares of £1 each fully paid.....	2.00
49,998 ordinary shares each one quarter paid.....	<u>12,499.50</u>
	<u><u>12,501.50</u></u>

Other than the relevant previous notes, the Master Issuer has no loan capital, term loans, other borrowings or indebtedness or contingent liabilities or guarantees as at the date of this base prospectus.

It is not intended that there be any further payment of the issued share capital.

SANTANDER UK PLC AND THE SANTANDER UK GROUP

Background

Santander UK plc (**Santander UK**) is a public limited liability company that was incorporated in England and Wales on 12 September 1988 (then called Abbey National plc) under the Companies Act 1985 with registered number 02294747 and is the successor company to which Abbey National Building Society transferred its business in July 1989.

The principal executive office and registered office of Santander UK is at 2 Triton Square, Regent's Place, London NW1 3AN. The telephone number of Santander UK's registered office is +44 (0) 800 389 7000.

Santander UK is a wholly-owned subsidiary of Santander UK Group Holdings plc. Banco Santander, S.A. (**Banco Santander**) and its subsidiary Santusa Holding, S.L., together, hold the entire issued share capital of Santander UK Group Holdings plc. Santander UK Group Holdings plc and its subsidiaries operate primarily in the UK, under UK law and regulation, and are part of the Banco Santander group.

In addition to being the sponsor of the residential mortgage-backed note issuance programme in connection with which the Master Issuer notes will be issued, Santander UK is also the seller, the originator, the servicer, the cash manager, the Master Issuer cash manager, account bank B, the Funding swap provider and a Master Issuer swap provider.

Corporate Purpose

Santander UK's purpose is to help people and businesses prosper.

Business and Support Divisions

Santander UK, headed by Mike Regnier, Chief Executive Officer, operates four business divisions as follows:

Retail Banking

Retail Banking consists of two business units, Homes and Everyday Banking. Homes provides prime UK mortgage lending to owner occupiers and buy-to-let landlords with small portfolios. Everyday Banking provides banking services and unsecured lending to individuals and small businesses, as well as wealth management for high-net-worth individuals.

Corporate and Commercial Banking

Corporate and Commercial Banking provides banking products and services to SMEs, mid-sized and larger corporates, typically with annual turnovers of between £2 million and £500 million, as well as to Local Authorities and Housing Associations.

Consumer Finance

Consumer Finance provides prime auto consumer financing for individuals, businesses, and automotive distribution networks.

Corporate Centre

Corporate Centre provides treasury services for asset and liability management of Santander UK's balance sheet, as well as management of non-core legacy portfolios.

Mortgage business

Santander UK has been engaged in the origination and servicing of residential mortgage loans since 1989, when, as the successor company to the Abbey National Building Society, it took a transfer of the latter's business, the core of which had always been the origination and servicing of residential mortgage loans.

Santander UK (including as successor to the Abbey National Building Society) has significantly more than five years of experience in the origination, underwriting and servicing of mortgage loans similar to those included in the portfolio. The Santander UK group remains one of the largest lenders in the UK mortgage market with gross mortgage lending in 2023 amounting to £13.1 billion.

Securitisation

In general, Santander UK is responsible for the selection of the pool of loans to be securitised in Santander UK's mortgage loan securitisation programmes and for on-going servicing, reporting and cash management in accordance with the applicable documentation. Santander UK also acts as sponsor of these securitisations and is responsible for structuring of the transaction, cash flow modelling, arranging distribution and marketing of the securities and arranging currency, interest rate and other hedge providers. Santander UK is responsible for liaising with rating agencies, engaging various third party service providers and advisors as well as overall transaction management.

FUNDING

Introduction

Funding was incorporated in England and Wales on 28 April 2000 (registered number 03982428) as a private limited company under the Companies Act 1985. The authorised share capital of Funding comprises 100 ordinary shares of £1 each. The issued share capital of Funding comprises two ordinary shares of £1 each, both of which are beneficially owned by Holdings (see "**Holdings**"). The registered office of Funding is at 2 Triton Square, Regent's Place, London NW1 3AN. Its contact email is MTF@santander.co.uk.

Funding was established to act as a depositor for the securitisation of residential mortgages originated by the seller, and it has acted as such for each securitisation by the Master Issuer. Funding is organised as a special purpose company. Funding has no subsidiaries. The seller does not own directly or indirectly any of the share capital of Holdings or Funding.

The principal objects of Funding are set out in its memorandum of association and are, among other things, to:

- carry on the business of a property investment company and an investment holding company;
- acquire trust property and enter into loan arrangements;
- invest, buy, sell and otherwise acquire and dispose of mortgage loans, advances and other investments and all forms of security;
- carry on business as a money lender, financier and investor;
- enter into financial instruments, including derivative instruments; and
- undertake and carry on all kinds of loan, financial and other operations.

Funding is not engaged in any material activities other than those relating to the Master Issuer and those incidental to the authorisation and performance of the transaction documents referred to in this base prospectus to which it is or will be a party and other matters which are incidental to those activities.

There is no intention to accumulate surplus cash in Funding (other than any amounts standing to the credit of the general reserve fund and the liquidity reserve fund and amounts retained by Funding as profit).

Funding has no employees.

At the date of this base prospectus, Funding has not failed to meet its payment obligations under any intercompany loan agreement.

After the issuance of any series of Master Issuer notes, Funding will have no continuing duties with respect to such Master Issuer notes but will receive payments in respect of the Funding share of the trust property and distribute such receipts as payments on the intercompany loans in accordance with the priorities of payment set forth under "**Cashflows**" in this base prospectus.

The accounting reference date of Funding is the last day of December.

Directors and secretary

The following table sets out the directors of Funding and their respective business addresses and occupations.

<u>Name</u>	<u>Business address</u>	<u>Business occupation</u>
Wilmington Trust SP Services (London) Limited	Third Floor 1 King's Arms Yard London EC2R 7AF	Management of Special Purpose Companies
Daniel Jonathan Wynne	c/o Wilmington Trust SP Services (London) Limited Third Floor 1 King's Arms Yard London EC2R 7AF	Company Director
Lee Thomas Grant	2 Triton Square Regent's Place London NW1 3AN	Accountant

There are no potential conflicts between any duties owed to Funding by the persons referred to above and their private interests and or other duties.

The directors of Wilmington Trust SP Services (London) Limited are set out under the section "**Holdings**" in this base prospectus.

The company secretary of Funding is:

Santander Secretariat Services Limited
2 Triton Square
Regent's Place
London NW1 3AN

The directors of Santander Secretariat Services Limited are set out under the section "**The Master Issuer**" in this base prospectus.

In accordance with the corporate services agreement, the corporate services provider will provide to Funding directors a registered and administrative office, the service of a company secretary, the arrangement of meetings of directors and shareholders and the procurement of book-keeping services and preparation of accounts. No other remuneration is paid by Funding to or in respect of any director or officer of Funding for acting as such.

THE MORTGAGES TRUSTEE

The mortgages trustee was incorporated in England and Wales on 28 April 2000 (registered number 03982431) as a private limited company under the Companies Act 1985. The authorised share capital of the mortgages trustee comprises 100 ordinary shares of £1 each. The issued share capital of the mortgages trustee comprises two ordinary shares of £1 each, both of which are beneficially owned by Holdings (see "**Holdings**"). The registered office of the mortgages trustee is at 2 Triton Square, Regent's Place, London NW1 3AN.

The mortgages trustee is organised as a special purpose company. The mortgages trustee has no subsidiaries. The seller does not own directly or indirectly any of the share capital of Holdings or the mortgages trustee.

Any profits received by the mortgages trustee, after payment of the costs and expenses of the mortgages trustee, will, ultimately, be paid for the benefit of certain discretionary objects. Neither the seller nor any company connected with the seller can direct the share trustees and none of such companies has any control, direct or indirect, over the mortgages trustee or the Master Issuer selected at the discretion of Wilmington Trust SP Services (London) Limited. The payments on the Master Issuer notes will not be affected by this arrangement.

The mortgages trustee was established to act as trustee of the mortgages trust, and it has acted as such in connection with each securitisation by the Master Issuer. The mortgages trust is a bare trust.

The principal objects of the mortgages trustee are set out in its memorandum of association and are, among other things, to:

- invest and deal in mortgage loans secured on residential or other properties within England, Wales and Scotland;
- invest in, buy, sell and otherwise acquire and dispose of mortgage loans, advances, other similar investments and all forms of security;
- carry on business as a money lender, financier and investor;
- undertake and carry on all kinds of loan, financial and other operations; and
- act as trustee in respect of carrying on any of these objects.

The mortgages trustee is not engaged in any material activities other than those incidental to the settlement of the trust property on the mortgages trustee or relating to the issue of notes by the Master Issuer and the authorisation and performance of the transaction documents referred to in this base prospectus to which it is or will be a party and other matters which are incidental or ancillary to the foregoing.

The mortgages trustee has no employees.

The accounting reference date of the mortgages trustee is the last day of December.

HOLDINGS

Holdings was incorporated in England and Wales on 29 December 1998 (registered number 03689577) as a private limited company under the Companies Act 1985. The registered office of Holdings is at 2 Triton Square, Regent's Place, London NW1 3AN.

Holdings has an authorised share capital of £100 divided into 100 ordinary shares of £1 each, of which two shares of £1 each have been issued. Limited recourse loans were made by Wilmington Trust SP Services (London) Limited to Holdings in order for Holdings to acquire all of the issued share capital of Funding and the mortgages trustee. A further limited recourse loan has been made by Wilmington Trust SP Services (London) Limited to Holdings in order for Holdings to acquire all of the issued share capital of the Master Issuer. Wilmington Trust SP Services (London) Limited, a professional trust company, holds all of the beneficial interest in the issued shares in Holdings on a discretionary trust for certain discretionary objects. Neither the seller nor any company connected with the seller can direct the share trustees and none of such companies has any control, direct or indirect, over Holdings or the Master Issuer. The payments on the Master Issuer notes will not be affected by this arrangement.

Any profits received by Holdings, after payment of the costs and expenses of Holdings, will, following the payment of dividends to the share trustee, be paid for such of those discretionary objects as are selected at the discretion of Wilmington Trust SP Services (London) Limited. The payments on the Master Issuer notes will not be affected by this arrangement.

Holdings is organised as a special purpose company.

The seller does not own directly or indirectly any of the share capital of Holdings. Holdings currently has no subsidiaries other than the Master Issuer, Funding and the mortgages trustee.

The principal objects of Holdings are set out in its memorandum of association and are, among other things, to:

- acquire and hold, by way of investments or otherwise; and
- deal in or exploit in such manner as may from time to time be considered expedient,

all or any of the shares, stocks, debenture stocks, debentures or other interests of or in any company (including the mortgages trustee and Funding).

Holdings has acquired all of the issued share capital of the Master Issuer, the mortgages trustee and Funding. Holdings is not engaged in any activities other than those incidental to the authorisation and performance of the transaction documents and other matters which are incidental to those activities. Holdings has no employees.

The accounting reference date of Holdings is the last day of December.

The directors of Wilmington Trust SP Services (London) Limited and their principal activities are as follows:

Name	Business Address	Business Occupation
Alexander Pashley	Third Floor, 1 King's Arms Yard, London EC2R 7AF	Director
Susannah Louise Alier	Third Floor, 1 King's Arms Yard, London EC2R 7AF	Director
Daniel Wynne	Third Floor, 1 King's Arms Yard, London EC2R 7AF	Director

The business address for each of the directors of Wilmington Trust SP Services (London) Limited is Third Floor, 1 King's Arms Yard, London EC2R 7AF. There are no potential conflicts between any duties owed

to Wilmington Trust SP Services (London) Limited by the persons referred to above and their private interests and or other duties.

The company secretary of Wilmington Trust SP Services (London) Limited is Wilmington Trust (UK) Limited.

The directors of Wilmington Trust (UK) Limited and their principal activities are as follows:

Name	Function	Principal Activities
Alan Geraghty	Executive Director	Company Director
Elaine Katherine Lockhart	Executive Director	Company Director
Abigail Riley Mrozinski	Executive Director	Company Director

The business address for each of the directors of Wilmington Trust (UK) Limited is Third Floor, 1 King's Arms Yard, London EC2R 7AF.

THE NOTE TRUSTEE, THE SECURITY TRUSTEE AND THE MASTER ISSUER SECURITY TRUSTEE

The note trustee, the security trustee and the Master Issuer security trustee, The Bank of New York Mellon, acting through its London branch, is a banking institution incorporated under the laws of the State of New York registered with the Registrar of Companies for England and Wales under Company Number FC005522 and Branch Number BR000818, acting through its offices located at 160 Queen Victoria Street, London EC4V 4LA.

The Bank of New York Mellon, acting through its London branch, has served and is currently serving as trustee for numerous securitisation transactions and programmes involving pools of mortgage loans.

Pursuant to the trust deed, the note trustee is required to take certain actions as described under "**Terms and conditions of the notes**". Pursuant to the Funding deed of charge, the security trustee is required to take certain actions as described under "**Security for Funding's obligations**". Pursuant to the trust deed and the Master Issuer deed of charge, the Master Issuer security trustee is required to take certain actions as described under "**Terms and conditions of the notes**".

The limitations on liability of and indemnifications available to the note trustee and the Master Issuer security trustee are described under "**Terms and conditions of the notes**". The limitations on liability of the security trustee are described under "**Security for Funding's obligations—Appointment, powers, responsibilities and liabilities of the security trustee**".

Provisions for the removal of the Master Issuer security trustee are described under "**Security for the Master Issuer's obligations—Retirement and removal**". Provisions for the removal of the security trustee are described under "**Security for Funding's obligations—Retirement and removal**".

THE MASTER ISSUER SWAP PROVIDERS

Information in respect of the Master Issuer swaps is provided in this base prospectus under the heading "**The swap agreements**".

The Master Issuer swap provider in respect of Master Issuer swap agreements entered into prior to the date of this base prospectus is Santander UK plc. A description of Santander UK plc is included in this base prospectus under the heading "**Santander UK plc and the Santander UK Group**".

An alternative Master Issuer swap provider may be specified in an applicable drawdown prospectus, supplemental prospectus or final terms.

THE FUNDING SWAP PROVIDER

Information in respect of the Funding swap(s) is provided in this base prospectus under the heading "**The swap agreements**".

The Funding swap provider for the programme is Santander UK plc. A description of Santander UK plc is included in this base prospectus under the heading "**Santander UK plc and the Santander UK Group**".

AFFILIATIONS AND CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS OF TRANSACTION PARTIES

Santander UK is the sponsor of the programme. In addition, Santander UK has several other roles in the programme. Santander UK is the originator of the loans. Santander UK is the only seller of loans to the mortgages trustee and is the servicer of all of the loans. Santander UK also provides the services of (a) cash manager to the mortgages trustee and Funding, (b) Master Issuer cash manager, (c) account bank to the mortgages trustee and Funding, (d) sterling account bank to the Master Issuer and (e) a Master Issuer swap provider.

Except as described in the preceding paragraph, there are no other affiliations or relationships or related transactions involving the transaction parties under the programme.

THE LOANS

The portfolio

Each final terms issued in connection with the issuance of a series and class (or sub-class) of Master Issuer notes will contain tables summarising information in relation to the relevant **expected portfolio**. The tables will contain information in relation to various criteria in respect of the expected portfolio as at the applicable cut-off date (as specified in the relevant final terms). Tables will indicate, among other things, composition by type of property, seasoning, period to maturity, geographical distribution, loan-to-value (**LTV**) ratios, the outstanding balance and repayment terms. The portfolio as at the cut-off date, for which statistics are presented in the relevant final terms, and the portfolio as at the relevant closing date may differ owing to, among other things, amortisation of loans in the portfolio.

Introduction

The following is a description of some of the characteristics of the loans previously offered by the seller since 1995 including details of loan types, the underwriting process, lending criteria and selected statistical information. The Master Issuer believes the loans in the portfolio at any time will have characteristics that demonstrate the capacity to produce funds to service any payments due and payable on the Master Issuer notes.

The portfolio of loans currently making up the trust property, together with their related security, accrued interest and other amounts derived from the loans as they make up the trust property on the date of this base prospectus, are called the **current portfolio**. These items as they make up the trust property at other times are referred to simply as the **portfolio**. The loans forming part of the portfolio were originated in the ordinary course of business of the seller.

Each loan in the current portfolio may incorporate one or more of the features referred to in this section but each loan will have only one method of repayment. Each borrower may have more than one loan incorporating different features (including different repayment methods), but all loans secured on the same property will be incorporated in a single account with the seller which is called the mortgage account. A mortgage account may therefore be part interest only and part repayment if it consists of two or more loans with different methods of repayment. Each loan is secured by a first legal charge over a residential property in England or Wales or a first-ranking standard security over a residential property in Scotland.

Unless otherwise indicated, the description that follows relates to types of loans that have been or could be assigned to the mortgages trustee, either as part of the current portfolio or as a new loan assigned to the mortgages trustee at a later date.

The seller may assign new loans and their related security to the mortgages trustee from time to time. The seller reserves the right to amend its lending criteria and to assign to the mortgages trustee new loans which are based upon mortgage terms (as defined in the glossary) different from those upon which loans forming the portfolio as at any date are based. Those new loans may include loans which are currently being offered to borrowers which may or may not have some of the characteristics described here, but may also include loans with other characteristics that are not currently being offered to borrowers or that have not yet been developed. All new loans will be required to comply with the representations and warranties set out in the mortgage sale agreement from time to time. All the material representations and warranties in the mortgage sale agreement as at the date of this base prospectus are described in this base prospectus. See "**Assignment of the loans and their related security**".

Characteristics of the loans

The following is a description of some of the characteristics of the loans currently or previously originated by the seller, including details of loan types, the underwriting process, lending criteria and selected statistical information. The Master Issuer believes the loans in the portfolio at any time will have characteristics that demonstrate the capacity to produce funds to service any payments due and payable on the Master Issuer notes.

Repayment terms

Loans are typically repayable on one of the following bases:

- **"repayment"**: the borrower makes monthly payments of both interest and principal so that, when the loan matures, the full amount of the principal of the loan will have been repaid; and
- **"interest-only"**: the borrower makes monthly payments of interest but not of principal; when the loan matures, the entire principal amount of the loan is still outstanding and is payable in one lump sum.

In the case of either repayment loans or interest-only loans, the required monthly payment may alter from month to month for various reasons, including changes in interest rates.

For interest-only loans, because the principal is repaid in a lump sum at the maturity of the loan, the seller requires but has not always verified that the borrower has some form of repayment mechanism (such as an investment plan) in place to help ensure that funds will be available to repay the principal at the end of the term. However, the seller does not take security over these repayment mechanisms.

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 all loans under a mortgage account discharges the mortgage. Any prepayment in full must be made together with all accrued interest, arrears of interest, any unpaid expenses and any early repayment fee(s).

Each of the English loans is governed by English law and each of the Scottish loans is governed by Scots law.

Payment methods

Various methods are available to borrowers for making payments on the loans, including:

- internal transfer from a Santander UK current account or other account the borrower may have with Santander UK;
- direct debit instruction from another bank or building society account;
- external standing order from another bank or building society account;
- internal standing order from an account at Santander UK; and
- payments made at a Santander UK branch.

The standard requirement is that all payments are made by direct debit.

Early repayment fees

Borrowers who have received the benefit of some of the interest rates and/or features referred to in this section may in certain circumstances be required to pay an early repayment fee if they repay all or part of their loans, or if they make a product switch, before a date specified in the offer conditions. The right to receive such early repayment fees is retained by the seller. The seller also retains discretion to waive or enforce early repayment fees in accordance with the seller's policy from time to time (unless it is necessary to waive such fees in order to effect a change in the interest rate and the seller has not complied with its obligations to buy back the affected loan, in which case the mortgages trustee is authorised to waive early repayment fees on behalf of the seller). The seller permits borrowers to repay without being subject to any early repayment fees in circumstances where the amount of the principal repayment in any calendar year (other than scheduled repayments of principal on a repayment loan) is less than ten per cent. of the sum of the principal balance of the loan at the beginning of that calendar year and the principal balance on any further advance completed during that year. The mortgages trustee has not agreed to purchase any early repayment fees from the seller and so any sums received will be for the seller's account and not for the account of the mortgages trustee.

Cashbacks

Certain loans offered by the seller include a cashback feature under which a borrower is offered a sum of money that is paid (i) on completion of the loan, known as a "**completion cashback**", or (ii) after the loan has been advanced for a specific period, called a "**delayed cashback**", or (iii) at periodic intervals whilst the loan is outstanding, known as a "**reward cashback**". Where any loan is subject to a completion cashback or a delayed cashback, if there is an unscheduled principal repayment or a product switch (as described in "**Product switches**"), in either case before a date specified in the offer conditions, then all or some of the cashback must be repaid to the seller. This repayment request may, however, be waived at the discretion of the seller.

For relevant loans originated before the regulation effective date, the seller offered a reward cashback, equal to one per cent. of the then outstanding principal balance of the relevant loan, paid for every two completed years of its life, and which is not subject to the repayment requirement described above. For loans originated on and after the regulation effective date, the seller has not offered any reward cashback. For any future new reward cashback mortgage product, the amount and payment frequency of any reward cashback, and whether it is subject to any repayment requirement, may differ from the reward cashback for relevant loans originated before the regulation effective date.

Borrowers may request that a reward cashback is paid in cash and/or is applied by the seller in partial repayment of the related reward loan, in each case after deduction of any amounts that are overdue on their mortgage account.

The obligation to pay any delayed cashback or reward cashback remains an obligation of the seller and will not pass to the mortgages trustee. See "**Risk factors—Set-off risks in relation to flexible loans, delayed cashbacks and reward cashbacks may adversely affect the funds available to the Master Issuer to repay the Master Issuer notes**".

Interest payments and interest rate setting

Interest on each loan is payable monthly in arrear. Interest on loans is computed daily on balances which are recalculated on a daily, monthly or annual basis.

The basic rate of interest set by the seller for loans beneficially owned by the seller outside the mortgages trust is either a variable rate, the Santander UK SVR, or a tracking rate or a rate directly linked to a rate set from time to time by the Bank of England. The 2002 mortgage conditions, the 2004 mortgage conditions and the 2006 mortgage conditions provided for a cap on the variable rate, which was initially set at 2.5 per cent. above the Bank of England's base rate. The cap was then increased in 2008 (for loans originated under those editions of the mortgage conditions) to a margin of 3.75 per cent. above the Bank of England's base rate. This cap was removed from editions of the mortgage conditions from the 2007 edition onwards. The Santander UK SVR is also subject to the variances as set forth below. In addition, the 2023 mortgage conditions and the 2024 mortgage conditions provide that a follow-on rate may be applied, being a reversion rate that follows the rate set from time to time by the Bank of England, together with a specified percentage in addition.

Loans may combine one or more of the features listed in this section. In respect of the interest rates which last for a period of time specified in the offer conditions, after the expiration of that period a loan associated with that interest rate may (a) move to some other interest rate type or (b) become a tracker loan (as described in the following bulleted list) with a rate of interest linked to a rate set from time to time by the Bank of England or (c) revert to, or remain at, the SVR. The features that apply to a particular loan are specified in the offer conditions (as varied from time to time). The features are as follows:

- "**large loan discounts**" allows some borrowers to pay interest at a discretionary discount to the SVR, based on the aggregate size of the loans under the mortgage account (i) at origination or (ii) when a further advance is made;
- "**discounted variable rate loans**" allow the borrower to pay interest at a specified discount to the SVR;

- "**capped rate loans**" are subject to a maximum rate of interest and charge interest at the lesser of the SVR (or, as the case may be, the tracker rate) or the specified capped rate;
- "**tracker loans**" are subject to a rate of interest that is linked to an interest rate other than the SVR – for example, the rate may be set at the follow-on rate;
- "**minimum rate loans**" are subject to an interest rate that is the greater of the SVR (or, as the case may be, the tracker rate) or a specified minimum rate;
- "**higher variable rate loans**" are subject to an interest rate that is set at a margin above the SVR; and
- "**fixed rate loans**" are subject to a fixed rate of interest.

Except in limited circumstances as set out in "**The servicing agreement—Undertakings by the servicer**", the servicer is responsible for setting the mortgages trustee SVR on the loans in the current portfolio as well as on any new loans that are assigned to the mortgages trustee.

The 1995 mortgage conditions applicable to SVR loans provide that the SVR may only be varied for certain reasons, which are specified in those mortgage conditions. These reasons include:

- to maintain the competitiveness of the seller's business as a whole, taking into account actual or expected changes in market conditions;
- to reflect actual or expected changes in the cost of funds used by the seller in its mortgage lending business;
- to ensure that the seller's business is run prudently;
- to reflect a change in the general practice of mortgage lenders;
- to reflect any regulatory requirements or guidance or any change in the law or decision or recommendation by a court or an ombudsman; or
- to reflect a change which the seller reasonably believes has occurred or is likely to occur in the risk it runs in connection with its security or the recovery of the sums due from the borrower.

The term "**seller**" in these six bullet points means Santander UK and its successors and assigns.

In respect of the loans with these 1995 mortgage conditions, the seller may also change the SVR for any other reason which is valid.

The 2002 mortgage conditions, the 2004 mortgage conditions, and the 2006 mortgage conditions applicable to SVR loans provide that the SVR may be varied for one or more of the following reasons, which are specified in those mortgage conditions:

- to maintain the competitiveness of the seller's personal banking business, taking account of actual or anticipated changes in the interest rates which other financial institutions charge to personal mortgage borrowers;
- to reflect actual or expected changes in the cost of funds used by the seller in making loans to its personal mortgage borrowers;
- to ensure that the seller's business is run in a way which complies with the requirements of its regulator or of any central bank or other monetary authority; or
- to enable the seller to ensure that the SVR does not exceed the cap.

The term "**seller**" in these four bullet points means Santander UK and its successors and assigns.

In respect of the loans with the 2002 mortgage conditions, the 2004 mortgage conditions or the 2006 mortgage conditions, the servicer may also:

- change the mortgages trustee SVR for any reason which is valid; or
- increase or reduce the margin creating the cap on the SVR,

provided that in each case not less than 30 days' notice of an increase is given and not less than seven days' notice of a reduction is given. If, in the case of loans under the 2002 mortgage conditions, the 2004 mortgage conditions or the 2006 mortgage conditions, the SVR is increased for a valid reason or if the margin creating the cap on the SVR is increased, then an affected borrower will be entitled to repay all the sums due from that borrower under the mortgage terms within three months from the date on which the increase takes effect without paying any early repayment fee that would otherwise apply.

The 2007 mortgage conditions applicable to SVR loans provide that the SVR may be varied for one or more of the following reasons, which are specified in those mortgage conditions:

- to maintain the competitiveness of the seller's personal banking business, taking account of actual or anticipated changes in the interest rates which other financial institutions charge to personal mortgage borrowers;
- to reflect actual or expected changes in the cost of funds used by the seller in making loans to its personal mortgage borrowers; and
- to ensure that the seller's business is run in a way which complies with the requirements of its regulator or of any central bank or other monetary authority.

The term "**seller**" in these three bullet points means Santander UK and its successors and assigns.

In respect of the loans with the 2007 mortgage conditions, the seller may also change the SVR for any reason which is valid, provided that in each case not less than 30 days' notice of an increase is given and not less than seven days' notice of a reduction is given. If, in the case of the 2007 mortgage conditions, the SVR is increased for a valid reason, then an affected borrower will be entitled to repay all the sums due from that borrower under the mortgage terms within three months from the date on which the increase takes effect without paying any early repayment fee that would otherwise apply.

Under the 2010 mortgage conditions, the 2012 mortgage conditions, the 2014 mortgage conditions, the 2015 mortgage conditions and the 2017 mortgage conditions applicable to SVR loans, the SVR may be varied for one or more of the following reasons:

- to maintain the competitiveness of the seller's personal banking business, taking account of actual or anticipated changes in the interest rates which other financial institutions charge to personal mortgage borrowers;
- to reflect actual or expected changes in the cost of funds used by the seller in making loans to its personal mortgage borrowers;
- to ensure that Santander UK's business is run in a way which complies with the requirements of its regulator or of any central bank or other monetary authority; and
- for any other reason which is valid, provided that in such case not less than 30 days' notice of an increase is given and not less than seven days' notice of a reduction is given.

The term "**seller**" in these four bullet points means Santander UK and its successors and assigns.

Under the 2018 mortgage conditions applicable to SVR loans, the SVR may be varied for one or more of the following reasons:

- to maintain the competitiveness of the seller's personal banking business, by responding in a proportionate manner to changes in the interest rates which other financial institutions charge to personal mortgage borrowers;
- to reflect changes in the cost of the funds the seller uses in making loans to its personal mortgage borrowers;
- to ensure that Santander UK's business is run in a way which complies with the requirements of its regulator or of any central bank or other monetary authority; and
- for any other reason which is valid, provided that in such case not less than 30 days' notice of an increase is given and not less than seven days' notice of a reduction is given.

The term "**seller**" in these four bullet points means Santander UK and its successors and assigns.

Under the 2019 mortgage conditions, the 2020 mortgage conditions, the 2021 mortgage conditions and the 2022 mortgage conditions applicable to variable rate loans, the variable rate may be varied for one or more of the following reasons:

- to reflect changes in the cost of funds the seller uses in providing loans at a variable rate to its personal mortgage customers;
- to ensure that Santander UK's business is run in a way which complies with the requirements of its regulator or of any central bank or other monetary authority; or
- for any other reason which is valid, provided that in such case not less than 30 days' notice of an increase is given and not less than seven days' notice of a reduction is given.

The term "**seller**" in these three bullet points means Santander UK and its successors and assigns.

Under the 2023 mortgage conditions and the 2024 mortgage conditions applicable to variable rate loans, the variable rate may be varied for one or more of the following reasons:

- to reflect changes in the cost of funds the seller uses in providing loans at a variable rate to its personal mortgage customers;
- to ensure that Santander UK's business is run in a way which complies with the requirements of its regulator or of any central bank or other monetary authority;
- to comply with changes in law or regulation or any code of practice that the seller complies with, including responses to decisions of a court or an ombudsman;
- to reflect changes in the costs of running the seller's business that are beyond the seller's reasonable control; or
- to reflect changes in technology or systems that causes the seller's costs to change.

The term "**seller**" in these bullet points means Santander UK and its successors and assigns.

Under the 2010 mortgage conditions, the 2012 mortgage conditions, the 2014 mortgage conditions, the 2015 mortgage conditions, the 2017 mortgage conditions, the 2018 mortgage conditions, the 2019 mortgage conditions, the 2020 mortgage conditions, the 2021 mortgage conditions and the 2022 mortgage conditions if the SVR is increased for any "other valid reason" (other than an increase in the Bank of England's base rate), then an affected borrower will be entitled to repay all the sums due from that borrower or the part to which the increase applies under the mortgage terms within three months from the date on which the increase takes effect without paying any early repayment fee that would otherwise apply.

The need to change the Santander UK SVR is considered at least monthly by the pricing committee of Santander UK, which includes a number of senior Santander UK executives, and is additionally considered

immediately in the light of all changes to Bank of England rates. In maintaining, determining or setting the mortgages trustee SVR, the servicer will apply the factors set out here and, except in limited circumstances as set out in "**The servicing agreement—Undertakings by the servicer**", has undertaken to maintain, determine or set the mortgages trustee SVR at a rate which is not higher than the Santander UK SVR from time to time.

The servicer is also responsible for setting any variable margins in respect of tracker loans in the current portfolio as well as on any new tracker loans that are assigned to the mortgages trustee. However, in maintaining, determining or setting these variable margins, except in the limited circumstances as set out in "**The servicing agreement—Undertakings by the servicer**", the servicer has undertaken to maintain, determine or set the variable margins at a level which is not higher than the variable margins set in accordance with the seller's policy from time to time.

Further advances

If a borrower wishes to take out a further loan secured by the same mortgage (but excluding a drawdown under a flexible loan as described under "**—Flexible loans**"), the borrower will need to make a further application and the seller will use the lending criteria applicable to further advances at that time in determining whether to approve the application. All further advances will be funded solely by the seller. The seller will also reassess the value of the property using a valuer approved by the seller or, where appropriate, according to a methodology which would meet the standards of a reasonable, prudent mortgage lender (as referred to under "**The servicing agreement—Undertakings by the servicer**") and which has been approved by the Director of Group Property and Survey of the seller. A new loan-to-value ratio will be calculated by dividing the aggregate of the outstanding amount and the further advance by the reassessed valuation. The aggregate of the outstanding amount of the loan and the further advance may be greater than the original amount of the loan. However, no loans will be assigned to the mortgages trust where the LTV ratio at the time of origination or further advance is in excess of 95 per cent.

Unless otherwise specified in the relevant final terms, none of the loans in an expected portfolio obliges the seller to make further advances (other than drawdowns under flexible loans as described under "**—Flexible loans**"). However, some loans in an expected portfolio at that time may have had further advances made on them prior to their assignment to the mortgages trustee, and new loans added to the portfolio in the future, may have had further advances made on them in the past. If a loan becomes subject to a further advance after that loan has been assigned to the mortgages trustee, then the seller will be required to repurchase the loan or loans under the relevant mortgage account and their related security from the mortgages trustee. See "**Risk factors—Loans subject to product switches and further advances may be repurchased by the seller from the mortgages trustee, which will affect the prepayment rate of the loans, and this may affect the yield to maturity of the Master Issuer notes**" and "**Assignment of the loans and their related security**".

Portability

Certain Santander UK mortgage products (including variable rate loans) incorporate a portability facility, which allows the borrower to transfer a loan balance to a new property in respect of which the borrower then completes a mortgage with Santander UK. This is subject to the conditions that, other than in the case of the 2023 mortgage conditions and the 2024 mortgage conditions (i) the amount to be lent to the borrower under the new mortgage does not exceed certain LTV thresholds which were relevant for the existing loan at origination, (ii) the borrower gives Santander UK not less than seven days' notice in writing and (iii) where new borrowing additional to the original loan amount is required, the borrower selects a mortgage product for the new mortgage from the range of mortgages available for loans within the relevant LTV category. If funding in excess of the relevant LTV threshold is required, this additional funding will only be available at Santander UK's discretion on the terms and conditions being offered by Santander UK at the time. A prepayment of the entire current balance of a loan discharges the related mortgage. Any prepayment in full must be made together with all accrued interest, arrears of interest, any unpaid charges and any early repayment charges.

In respect of the mortgage products subject to the 2012 mortgage conditions and the 2014 mortgage conditions, the portability facility described above has been restricted so that (i) the borrower may only transfer a loan balance to a new property which that borrower is purchasing, (ii) the application to transfer the loan balance to the new property must satisfy the lending criteria applied by Santander UK at the time and (iii) the 2012 mortgage conditions do not allow for a transfer of a loan balance where such transfer would result in the relevant LTV threshold set out in the 2012 mortgage conditions being exceeded.

In respect of the mortgage products subject to the 2015 mortgage conditions, the 2017 mortgage conditions, the 2018 mortgage conditions, the 2019 mortgage conditions, the 2020 mortgage conditions, the 2021 mortgage conditions and the 2022 mortgage conditions the portability facility described above has been restricted so that (i) the borrower may only transfer a loan balance to a new property which that borrower is purchasing, (ii) the amount Santander UK are prepared to lend under the new mortgage (including the transfer balance) does not result in a loan to value ratio which exceeds 95%, (iii) the borrower gives Santander UK not less than seven days' notice in writing and (iv) the borrower selects a mortgage product for any top-up balance from the range of mortgage products which Santander UK makes available in cases where the loan to value ratio does not exceed 95%.

The 2014 mortgage conditions, the 2015 mortgage conditions, the 2017 mortgage conditions, the 2018 mortgage conditions, the 2019 mortgage conditions, the 2020 mortgage conditions, the 2021 mortgage conditions and the 2022 mortgage conditions additionally provide that the application to transfer the loan balance to a new property will not be accepted if: (i) in all the circumstances (including the borrower's financial circumstances), the risk of the borrower being unable to meet its commitments under the new mortgage would be significantly greater than the risk of it failing to meet its commitments under the existing mortgage; (ii) the borrower could not afford to repay the loan balance being transferred by the end of the repayment period which would apply under the new mortgage; or (iii) the risk that Santander UK would suffer a loss if it realised its security would be significantly greater under the new mortgage. In addition, under the 2014 mortgage conditions, the 2015 mortgage conditions, the 2017 mortgage conditions, the 2018 mortgage conditions, the 2019 mortgage conditions, the 2020 mortgage conditions, the 2021 mortgage conditions, the 2022 mortgage conditions and the 2023 mortgage conditions the loan balance can only be transferred to a new mortgage over one property.

In respect of the mortgage products subject to the 2023 mortgage conditions and the 2024 mortgage conditions, the portability facility described above has been restricted so that (i) the borrower may only transfer a loan balance to a new property where Santander UK's requirements are met, including that Santander UK finds the new property is suitable security for the mortgage loan and that Santander UK believes the borrower will be able to meet all commitments under the mortgage loan and (ii) where additional money is required to be borrowed by the borrower to purchase the new property, such extra money is borrowed from Santander UK. The mortgage products can not be transferred to loans on more than one property, and in the case of the 2024 mortgage conditions, borrowers are restricted from transferring the mortgage product to a loan on a property that the borrower already owns. Under the 2023 mortgage conditions, any early repayment charges may be refunded if the sale of the property and the purchase of the new property occur within 3 months of paying off the mortgage. Under the 2024 mortgage conditions, all or part of any early repayment charge will be refunded if the borrower completes the new mortgage loan within 3 months of paying off the existing mortgage loan and the borrower transfers their existing mortgage product to a new mortgage loan.

Flexible loans

General

A flexible loan typically incorporates features that give the borrower options to make further drawings on the loan account and/or to overpay or to underpay principal and interest in a given month. The seller offers flexible loans to its borrowers, and it has the right to assign to the mortgages trustee new loans that may be flexible loans. In addition to the flexible loans offered to date, the seller may offer flexible loans in the future (that may be assigned to the mortgages trustee) that have different features from those described here. See "**The mortgages trust—Additions to the trust property**". The seller has also offered loans to its borrowers which may, after the expiry of a period of time specified in the offer conditions, acquire features of flexible loans other than the ability to make further drawings.

For flexible loans originated before March 2009, the total amount outstanding at any time on a flexible loan as described below (and, if an available funds facility exists, at any time a loan is drawn under such facility) cannot exceed an LTV ratio of 95 per cent. based on an original valuation at the time of the origination of the loan. Where a LTV ratio exceeds 90 per cent. of an indexed valuation, and an available funds facility exists, the seller writes to the customer requesting a reduction of the limit although the customer is free to query the valuation so the reduction of the limit does not always occur. For loans originated since March 2009 the relevant threshold has been reduced to an LTV ratio of 75 per cent. The loan and, where applicable, the available funds facility are secured by a first legal charge over a property in England and Wales or a first-ranking standard security over a property in Scotland.

Flexible loans – offer dated on or before 2 July 2002

In respect of flexible loans where the seller's offer to lend is dated on or before 2 July 2002, there are three basic elements: the initial loan, the available funds facility and the overpaid funds account. The amount of the initial loan is agreed at origination. Borrowers may, during the life of these flexible loans, draw additional amounts from the available funds facility on request to the seller, up to the amount available and subject to the mortgage conditions.

The agreement for the available funds facility is regulated under the CCA, which prescribes the form and procedure and (insofar as will be applicable) pre-contract disclosure for making an agreement regulated under the CCA.

Subject to the provisions for underpayments and payment holidays, borrowers are required to make a monthly payment on the initial loan and (if a drawdown has been made) on the available funds facility. A borrower may make an overpayment at any time. If a borrower makes an overpayment, it is used for the following purposes and in the following order:

- to reduce any part of the initial loan which is then overdue;
- to reduce any part of the drawdown debt in the available funds facility which is then overdue;
- to reduce the remainder of the drawdown debt in the available funds facility, if specifically requested by the borrower, or if the overpaid funds account has been closed; and
- to create or to increase a credit balance in the overpaid funds account.

The credit balance in the overpaid funds account can be used by the borrower to fund an underpayment or a payment holiday or it can be used to reduce the balance owing on the initial loan. If the overpaid funds account has been closed, which will occur when the initial loan is repaid, the balance of any overpayment which would otherwise have been credited to the overpaid funds account will be repaid to the borrower.

Borrowers may make an underpayment or miss a monthly payment entirely if there is a credit balance on the overpaid funds account that is equal to or greater than the amount to be underpaid or the missed monthly payment. Alternatively, a borrower may make an underpayment or miss a monthly payment if there is an amount available for drawdown in the available funds facility that is at least as much as the amount to be underpaid or the missed monthly payment.

The "**repayment**" basis (as set out in "**—Repayment terms**") applies to the whole of the drawdown debt under the available funds facility.

The seller may increase or reduce the credit limit for the available funds facility for one of the reasons specified in the credit agreement for the available funds facility.

Flexible loans – offer dated on or after 3 July 2002

In respect of flexible loans where the seller's offer to lend is dated on or after 3 July 2002, there is a flexible loan facility with a credit limit. The amount of the credit limit and the "**amount available**" (that is, the credit limit less the monies owing to the seller) are agreed at origination. Borrowers may, during the life of these flexible loans, draw additional amounts from the flexible loan facility on request to the seller, up to the amount available and subject to the mortgage conditions.

The agreement for the flexible loan facility has been designed by the seller with the intention that it is not regulated under the consumer credit regime. Loans included in the portfolio and originated since 31 October 2004 have been regulated under the regulated mortgage contracts regime under the FSMA.

Subject to the provisions for underpayments and payment holidays, borrowers are required to make monthly payments on the flexible loan facility. A borrower may make an overpayment at any time. Any such overpayment will immediately reduce the balance on which interest is payable on the flexible loan facility.

The "**amount available**" can be used by the borrower to fund an underpayment or a payment holiday or a further drawdown, subject to the mortgage conditions.

In respect of further drawdowns, unless the borrower gives the seller instructions to the contrary (as set out below):

- if the offer conditions specify that the "repayment" basis (as set out in "**—Repayment terms**") applies to the whole of the first drawdown, then the "repayment" basis will also apply to the whole of each further drawdown made under that flexible loan facility;
- if the offer conditions specify that the "interest-only" basis (as set out in "**—Repayment terms**") applies to the whole of the first drawdown, then the "interest-only" basis will also apply to the whole of each further drawdown made under that flexible loan facility; and
- if the offer conditions specify that the "repayment" basis (as set out in "**—Repayment terms**") applies to part only of the first drawdown, then the "repayment" basis will apply to the equivalent part of each further drawdown made under that flexible loan facility.

A borrower's request to the seller for a further drawdown may include instructions to the seller that, as from the date when the borrower makes the further drawdown:

- the "repayment" basis is to apply to the whole or a specified part of the balance owing in place of the "interest-only" basis; or
- the "interest-only" basis is to apply to the whole or a specified part of the balance owing in place of the "repayment" basis.

The seller may increase the credit limit if:

- the borrower writes to the seller asking the seller to exercise its power to increase the credit limit;
- the borrower pays any credit limit review charge; and
- if requested to do so, the borrower pays for a new valuation report on the property and provides the seller with further information in relation to the borrower's financial position.

The seller may reduce the credit limit:

- to ensure that the monies owing to the seller under the flexible loan facility and the amount available do not together exceed 90 per cent. of the current market value of the property;
- to ensure that the amount available at any time does not exceed the amount available as at the date of completion of the flexible loan facility;
- if the borrower is in breach of the mortgage terms;
- if the seller is reasonably of the opinion that, because of a change in the borrower's financial position, the borrower could not afford to repay present or future drawdowns up to the existing credit limit; or
- to ensure that the seller's business is run in a way that complies with the requirements of the seller's regulator or of any central bank or other monetary authority.

Flexible offset loans

Flexible loans include flexible offset loans, which are documented under the flexible plus mortgage conditions 2003, the flexible plus mortgage conditions 2006, the flexible plus mortgage conditions 2007, the flexible plus mortgage conditions 2010, the flexible offset mortgage conditions 2010, the flexible offset

mortgage conditions 2012, the flexible offset mortgage conditions 2014, the flexible offset mortgage conditions 2015, the flexible offset mortgage conditions 2017, the flexible offset mortgage conditions 2018 and the flexible offset mortgage conditions 2019 (the **flexible offset loans**). These conditions mirror those for other flexible loans where the seller's offer to lend is dated on or after 3 July 2002, save for the following material differences in relation to the borrower's savings account, overpayments, payment holidays and underpayments, the interest rate tracking differential and further drawdowns:

- Flexible offset loans contain a savings account element. No interest is paid by the seller on the savings. Instead, interest is charged each day on the amount which, at the end of the day, represents the capital owing on the mortgage account, less any savings in the savings account (the **offset mechanic**). As a result of this offset mechanic, when the borrower has savings in the savings account, the amount of interest charged on the mortgage account will be reduced under the flexible offset mortgage product.
- Notwithstanding the offset mechanic described above, any savings held in the savings account do not affect the amount of the borrower's monthly payment made to the seller and therefore assigned to the mortgages trustee (see the section "**Assignment of loans and their related security to the mortgages trustee**"). Accordingly, the mortgages trustee will receive the borrower's monthly payment of interest and principal under any flexible offset mortgage product which forms part of the trust property without any reduction to the interest component. The seller will separately account for the reduction of the interest charged on the mortgage account as a result of the offset mechanic by increasing the balance of the savings account by an amount equal to such reduction and treating such amount as an additional payment by the borrower. However, to the extent there is any amount overdue under the mortgage loan then the seller will first use the amounts (attributable to the reduction in the interest charged on the mortgage account) towards payment of any mortgage balance which is overdue on that date until such overdue balance is zero and any remaining amounts attributable to the reduction in the interest shall, thereafter, be used by the seller to increase the balance of the savings account.
- The borrower may also make one-off overpayments in the form of a deposit. The seller will, on instructions from the borrower, credit this deposit to the mortgage account in order to reduce the mortgage balance. In the absence of such instructions, the deposit will be used to reduce or pay off any part of the mortgage balance which is overdue at that date and the remainder will be credited to the savings account.
- The borrower may withdraw money from the savings account or instruct the seller to use some or all of the money in the savings account to reduce the mortgage balance. The borrower may also instruct the seller to use the savings to fund a payment holiday or make up a shortfall on an underpayment.
- For the avoidance of doubt, the balance of the savings account shall be taken into account in determining whether any set-off amounts shall be applied to reduce the seller share of the trust property (see the section "**The mortgages trust – funding share of the trust property**").
- The savings in the savings account must not exceed the mortgage balance.
- The borrower must not overdraw on the savings account. If the savings account becomes overdrawn, the seller will add the amount overdrawn to the mortgage balance.
- The seller may use the savings at any time to pay off any of the following items which the borrower has failed to pay when they have become due: a monthly payment, an administration charge, a credit limit review charge, other items of costs and the mortgage balance if it becomes immediately payable.
- The borrower may continue to make drawdowns until the end of the mortgage repayment period, even if the mortgage balance has been repaid. The mortgage will remain in force during the repayment period as security for money which may become owing under the borrower's facility to make drawdowns up to the credit limit.

- Under the 2014 flexible offset mortgage conditions, the flexible offset mortgage conditions 2015, the flexible offset mortgage conditions 2017, the flexible offset mortgage conditions 2018 and the flexible offset mortgage conditions 2019, there is an additional condition to the ability of the borrower to make a drawdown that the seller reasonably thinks that the drawdown is affordable by the borrower and that the borrower will be able to repay it with interest by the end of the repayment period.
- Under the 2014 flexible offset mortgage conditions, the flexible offset mortgage conditions 2015, the flexible offset mortgage conditions 2017, the flexible offset mortgage conditions 2018 and the flexible offset mortgage conditions 2019, in respect of further drawdowns, the "repayment" basis (as set out in "**—Repayment terms**") will apply unless in any particular case the borrower's drawdown notice contains a request that the "interest-only" basis (as set out in "**—Repayment terms**") should apply to the drawdown, and the seller agrees to the request because it reasonably thinks that the borrower will be able to repay the drawdown in full at the end of the repayment period and to pay interest in the meantime.
- Under the 2014 flexible offset mortgage conditions, the flexible offset mortgage conditions 2015, the flexible offset mortgage conditions 2017, the flexible offset mortgage conditions 2018 and the flexible offset mortgage conditions 2019, the seller may reduce the credit limit to ensure that the monies owing to the seller under the flexible loan facility and the amount available do not together exceed 75 per cent. (rather than 90 per cent.) of the current market value of the property, and may additionally reduce the credit limit if the borrower has not made a drawdown within the past five years.

Product switches

From time to time, borrowers may request or the seller may offer, and the borrowers may accept, a variation in the financial terms and conditions applicable to the borrower's loan. If a loan is subject to a product switch, then the seller may be required to repurchase the loan or loans under the relevant mortgage account and their related security from the mortgages trustee. See "**Risk factors—Loans subject to product switches and further advances may be repurchased by the seller from the mortgages trustee, which will affect the prepayment rate of the loans, and this may affect the yield to maturity of the Master Issuer notes**" and "**Assignment of the loans and their related security**".

Origination of the loans

The seller currently derives its mortgage-lending business from the following sources: through a branch network throughout the UK, through intermediaries incorporating electronic commerce channels, through its internet website and from telephone sales. The relevant final terms will specify the percentage of loans in the expected portfolio as at the relevant date originated through direct channels, through intermediaries and through other channels.

The seller is subject to the Ombudsman and follows the Code of Banking Practice and followed the Council of Mortgage Lenders' Mortgage Code, which was in force until the regulation effective date.

Underwriting

The decision to offer a loan to a potential borrower is made either pursuant to an automated process or by underwriters located in branches, head office sites, telephone operations centres or business development units, who liaise with the intermediaries.

Each underwriter must pass a formal training programme conducted by the seller to gain the authority to approve loans. The seller has established various levels of authority for its underwriters who approve loan applications. The levels are differentiated by, among other things, degree of risk, maximum loan amount and the ratio of the loan amount to the value of the property in the relevant application. An underwriter wishing to move to the next level of authority must first take and pass a further training course. The seller also monitors the quality of underwriting decisions on a regular basis.

The seller introduced the automated process in May 2005. The automated process reduces the manual assessment of loans by underwriters in relation to those segments of the seller's mortgages business

that have historically performed well and that meet the relevant lending criteria. The introduction of the automated process has not affected the substance of the decision process.

The seller is continually reviewing the way in which it conducts its mortgage origination business, in order to ensure that it remains up-to-date and cost effective in a competitive market.

Furthermore, notwithstanding any of the changes described in this section, the seller will continue to retain exclusive control over the underwriting policies and lending criteria to be applied to the origination of each loan.

Lending criteria

Each loan in the current portfolio was originated according to the seller's lending criteria applicable at the time the loan was offered, which included some or all of the criteria set out in this section. New loans may only be included in the portfolio if they are originated in accordance with the lending criteria applicable at the time the loan is offered and if the conditions contained in "**Assignment of the loans and their related security**" have been satisfied. However, the seller retains the right to revise its lending criteria from time to time and so the criteria applicable to new loans may not be the same as those currently used. Some of the factors currently used in making a lending decision are as follows:

(a) *The property*

Mortgaged properties may be freehold or leasehold in England and Wales or heritable or long lease in Scotland.

The mortgaged property must be used for residential purposes, however, a mortgaged property may be considered, in limited circumstances, if used partially for business purposes, and is not / will not be subject to planning permission provided that no items are held for storage in connection with the business usage, no structural alterations have been made or will be made to accommodate the business which requires either conversion back to enable marketing as a fully residential dwelling and/or a planning application for change of use. Any business use other than clerical is unlikely to be considered acceptable. A mortgaged property must be marketable, habitable and insurable.

A mortgaged property must be owner-occupied or may, subject to certain conditions (for example, that the applicant must live in the UK), be occupied by the borrower's spouse, civil partner, unmarried partner (same-sex or otherwise) where the relationship has the characteristics of husband and wife, parent(s), grandparent(s), sibling(s), children or grandchildren. Although the seller does lend on buy-to-let properties, no such buy-to-let loans will be comprised in the portfolio on the closing date. Mortgaged properties must be situated in England, Wales or Scotland.

(b) *Term of the loan*

There is a minimum mortgage term of 5 years for all mortgages, other than for existing borrowers moving home borrowing the same or less. The maximum term is 40 years.

(c) *Age of applicant*

All applicants must be aged 18 or over. The current maximum age limit when the application is decided is 75 at the maturity of the loan (or 70 for loans with an interest-only element).

(d) *Loan to Value (LTV)*

The maximum loan available (excluding any higher lending charge) is based on the lower of the current value or purchase price of the mortgaged property (except where the transaction is at an undervalue, for instance because it was between family members, the LTV must be based on the purchase price of the property, subject to additional considerations). The maximum LTV may be limited by common features such as loan size, product type, property type restrictions, the purpose of lending, repayment types (such as interest-only and part principal and part interest), additional lending and underwriter requirements.

(e) *Interest-only repayment vehicle*

Only the following repayment vehicles are acceptable for new interest-only mortgages:

- Sale of the mortgaged property – subject to minimum equity of £300,000 at maturity and completion of a sale of property declaration form.
- Investment vehicles established for at least 12 months e.g. endowment; stocks & shares ISA.

Where an interest-only repayment vehicle does not conform, for existing borrowers moving home borrowing the same or less can use their existing repayment vehicle for the interest-only loan part of a new mortgage under transitional arrangements subject to, inter alia, a check of the repayment vehicle, remedial action for any shortfall identified, and no increase in their overall lending or existing interest-only loan amounts or other material risk.

(f) *Debt consolidation*

Debt consolidation through direct channels is unacceptable other than for repayment of an informal friend or family loan with no regular payment schedule. Monthly payment commitments for debts to be consolidated are not excluded from the affordability calculation (except where an offer is issued direct to a conveyancer for repayment of shared equity loans on the security property).

(g) *Help to Buy applications*

Each application relating to a Help to Buy loan (insofar as applicable) must meet the generic criteria for Help to Buy loans published by the Homes England (or, in relation to Scottish loans, the Scottish Government) in addition to the seller's lending criteria. As at the date of this Prospectus, applications for Help to Buy Loans are no longer accepted.

Income verifications

The seller requires appropriate income evidence for every application at the time of the risk decision and each income type is categorised as primary, secondary or unacceptable before possible inclusion in an affordability calculation. Evidence of income is either obtained from the customer through the seller's various sales channels or automatically verified using automated income verification (AIV) as part of the seller's application process.

Credit history

Applications where an adverse credit history exists (i.e. bankruptcy, county court judgment (or the Scottish equivalent) or outstanding defaults registered with a credit reference agency) are subject to an analysis whereby highest risk cases are declined with only lowest risk situations accepted subject to further underwriting review or where the value and age of the adverse credit is deemed by the seller to be low risk.

Credit scorecard

- (a) The seller credit scores all lending applications as part of the application process. The credit score is based on the customer's application details and credit bureau information and represents the probability of a customer defaulting. A higher score means a lower chance of default. The seller's automated decisioning includes cut-off scores so that applications scoring below the appropriate cut-off will be declined.

(b) *Eligibility*

UK residents – UK nationals normally resident in the UK are eligible to apply for all Loan products.

Non-UK/non-Irish residents – Applications from non-UK/non-Irish citizens (if they do not have diplomatic immunity and where the property is for their own use and for immediate occupation) are eligible to apply subject to additional policy considerations, including for example where the Seller is relying on a non-

UK/non-Irish citizen's income to support affordability, the non-UK/non-Irish citizen will need to prove indefinite leave to enter the UK or pre-settlement status in their own right.

Company directors – Applicants who are directors of a limited liability company (or persons connected to a director of a limited liability company) who are purchasing property from that limited liability company are unacceptable.

(c) *Employment*

Employed applicants – Applicants must be in stable employment, with no anticipated adverse change that suggests affordability cannot be maintained. Applications where all applicants are unemployed will be declined.

Self-employed applicants – Similar to employed applicants, self-employed applicants have to demonstrate that their sustainable income meets their contractual repayments in an affordable manner. Proof of this is achieved by obtaining between 2-3 years (dependent on the risk of the loan) of historic income statements from company accounts.

The assessment of a borrower's creditworthiness is conducted in accordance with the lending criteria and, where appropriate, aims to meet the requirements set out in Article 8 of the Consumer Credit Directive or paragraphs 1 to 4, point (a) of paragraph 5, and paragraph 6 of Article 18 of the Mortgage Credit Directive or, where applicable, equivalent requirements in third countries.

The FCA implemented the conduct rules comprised in the Mortgage Credit Directive on 21 March 2016, however, at the time of implementation, the FCA's existing rules on responsible lending (comprised in MCOB 11.6) already gave effect to paragraphs 1 to 3, point (a) of paragraph 5 of the Mortgage Credit Directive and paragraph 6 of Article 18 of the Mortgage Credit Directive. Paragraph 4 of Article 18 of the Mortgage Credit Directive was implemented via the new MCOB 11A.2 following the mortgage market review.

Therefore, prior to the implementation of the Mortgage Credit Directive, the seller, through compliance with the MCOB rules on responsible lending (following the introduction of MCOB in respect of regulated mortgages in 2003), sought to implement affordability assessments in a manner that materially reflects the requirements now set out in paragraphs 1 to 4, point (a) of paragraph 5, and paragraph 6 of Article 18 of the Mortgage Credit Directive.

Prior to the introduction of MCOB, the seller conducted its lending activities in accordance with the principles set out in the CML mortgage code (a voluntary system of regulation overseen by the independent mortgage code compliance board) where affordability assessments were conducted in a manner consistent with that of a reasonable prudent mortgage lender.

The seller has always used an approach for loan assessment that takes into account an applicant's perceived creditworthiness utilising appropriate information, statistical measures and documentary evidence.

As noted above, such assessments have always been made in line with the applicable regulation at the time and generally involve consideration of the following items:

- paper evidence of income (such as payslips, P60s, contracts and bank statements);
- customer credit commitments and household expenditure (initially using paper budget planners but from 2007 using systematic expenditure data derived from the ONS);
- credit bureau data, initially by standalone searches but from 2007 via automated decision systems;
- behavioural score as a statistical means to measure a customer's past performance and to predict future performance for secured loans;

- where actual paper evidence was not obtained there was a reliance on statistical measurements such as home location, age, credit score, employment type and a reasonableness of income; and
- income multiples (supplemented by stressed affordability from 2006) and loan to value assessments.

Changes to the underwriting policies and the lending criteria

The seller's underwriting policies and lending criteria are subject to change within the seller's sole discretion. New loans and further advances that are originated under lending criteria that are different from the criteria set out here may be assigned to the mortgages trustee. The score is used in conjunction with a number of policy rules to determine the lending decision.

Any material changes from the seller's prior underwriting policies and lending criteria shall be disclosed without undue delay to the extent required under Article 20(10) of the UK Securitisation Regulation.

Neither the Master Issuer nor the seller will revalue (a) any of the mortgaged properties in the portfolio or (b) any new loans and their related security which are to be sold to the mortgages trustee from time to time for the purposes of any issue.

Insurance policies

Insurance on the property

A borrower is required to provide for insurance on the mortgaged property for an amount equal to the estimated rebuilding cost of the property. The borrower may either purchase the insurance through the seller or the borrower, or the landlord (in respect of a leasehold property) may arrange for the insurance independently.

Santander UK policies

If a borrower asks the seller to arrange insurance on their behalf, a policy will be issued by an insurance underwriter in favour of that borrower. The policy will provide the borrower with rebuilding insurance up to an amount equal to the actual rebuilding cost subject to the valuation. Standard policy conditions apply, which are renegotiated periodically by the seller with the insurance underwriter(s) selected from time to time by the seller to provide the insurance. Amounts paid under the insurance policy are generally utilised to fund the reinstatement of the property.

Seller-introduced insurance

Santander UK has an introducer only arrangement in place with insurance brokers who can assist in providing cover for non-standard or declined risks direct to customers. The customer is responsible for contacting the relevant broker and Santander UK has no involvement in the arrangement of cover other than providing the customer with a contact number for the broker concerned.

Borrower or landlord-arranged insurance

A borrower is required to arrange for the mortgaged property to be insured by a third party if the borrower did not arrange for the seller to insure the mortgaged property on its behalf. The mortgaged property must be insured under a comprehensive policy and for an amount not less than the full cost of rebuilding the mortgaged property, including all professional fees, debris removal and the cost of meeting planning and local authority requirements.

MIG policies

A MIG policy is an agreement between a lender and an insurance company to underwrite the amount of each relevant mortgage account which exceeds a certain LTV ratio.

As at the date of this base prospectus, none of the mortgage loans in the available portfolio is covered by a MIG policy. The seller may choose at some point in the future to reintroduce MIG cover (underwritten by Carfax or otherwise) for some or all of its mortgage loans but has no obligation to do so.

If MIG cover were reintroduced, the seller would retain the right to cancel the MIG policies at any time. If the seller exercised its right to cancel any such reintroduced MIG policies, the trust property would not then have the benefit of such MIG policies.

Scottish loans

A proportion of the loans in the current portfolio is secured over properties in Scotland. Under Scots law, the only means of creating a fixed charge or security over heritable or long leasehold property is the statutorily prescribed standard security. In relation to Scottish loans, references in this base prospectus to a **mortgage** are to be read as references to such a standard security and references to a **mortgagee** are to be read as references to the security holder (termed in Scots law the **heritable creditor**).

In practice, the seller has advanced and intends to advance loans on a similar basis both in England and Wales and in Scotland. While there are certain differences in law and procedure in connection with the enforcement and realisation of Scottish mortgages the seller does not consider that these differences make Scottish mortgages significantly different or less effective than those secured over properties in England and Wales. For more information on the Scottish loans, see "**Material legal aspects of the loans—Scottish loans**".

Other characteristics

The loans in the trust property are homogeneous for the purposes of Article 20(8) of the UK Securitisation Regulation and the EBA Final Draft Regulatory Technical Standards on the homogeneity of the underlying exposures in securitisation under Articles 20(14) and 24(21) of the UK Securitisation Regulation dated 31 July 2018 and adopted by the European Commission on 28 May 2019 (as those form part of UK domestic law by virtue of the EUWA), on the basis that all loans in the trust property: (i) have been underwritten by Santander UK (or other entities taken over by Santander UK) in accordance with similar underwriting standards applying similar approaches with respect to the assessment of a potential borrower's credit risk; (ii) are repayment loans or interest only loans entered into substantially on the terms of similar standard documentation for residential mortgage loans; (iii) are serviced by the servicer pursuant to the servicing agreement in accordance with the same servicing procedures with respect to monitoring, collections and administration of cash receivables generated from the loans; and (iv) form one asset category, namely residential loans secured with one or several mortgages on residential immovable property in England, Wales or Scotland.

The loans in the trust property, as at the relevant cut-off date, do not include: (i) any transferable securities for purposes of Article 20(8) of the UK Securitisation Regulation; (ii) any securitisation positions for purposes of Articles 8(1) and 20(9) of the UK Securitisation Regulation; or (iii) any derivatives for purposes of Article 21(2) of the UK Securitisation Regulation, in each case on the basis that the loans in the trust property have been entered into substantially on the terms of similar standard documentation for residential mortgage loans.

The loans in the trust property do not include: (A) at the time of origination, any loans that were marketed and underwritten on the premise that the loan applicant or, where applicable, intermediaries, were made aware that the information provided by the loan applicant might not be verified by the seller for purposes of Articles 9(2) and 20(10) of the UK Securitisation Regulation; or (B) at the time of selection for inclusion in the portfolio, any exposures in default within the meaning of Article 178(1) of the UK Capital Requirements Regulation for the purposes of Article 20(11) of the UK Securitisation Regulation. The loans in the trust property have been transferred into the trust after selection for inclusion in the portfolio without undue delay for purposes of Article 20(11) of the UK Securitisation Regulation.

THE SERVICER

The servicer

Under the servicing agreement, Santander UK has been appointed as the initial servicer of the loans (in such capacity, the **servicer**). The day-to-day servicing of the loans is performed by the servicer through the servicer's retail branches, telephone and electronic banking centres and operations centres. The servicer's registered office is at 2 Triton Square, Regent's Place, London NW1 3AN.

This section describes the servicer's procedures in relation to mortgage loans generally. A description of the servicer's obligations under the servicing agreement follows in the next section.

Santander UK is continually reviewing the way in which it conducts its mortgage loan servicing business in order to ensure that it remains up-to-date and cost effective in a competitive market, and the servicer may therefore change any of its servicing processes and arrangements from time to time. However, Santander UK will retain exclusive control over the underwriting policies and lending criteria and will agree the servicing standards to be applied in the course of servicing mortgage loans. It will also seek to ensure that any changes to its servicing arrangements are made with the minimum level of business interruption.

Servicing of loans

Servicing procedures include responding to customer enquiries, monitoring compliance with and servicing the loan features and facilities applicable to the loans and management of loans in arrears. See "**The servicing agreement**".

Pursuant to the terms and conditions of the loans, borrowers must pay the monthly amount required under the terms and conditions of the loans on or before each monthly instalment due date. Interest accrues in accordance with the terms and conditions of each loan and is collected from borrowers monthly.

In the case of variable rate loans, the servicer sets the mortgages trustee SVR and any variable margin applicable to any tracker loan on behalf of the mortgages trustee and the beneficiaries, except in the limited circumstances as set out in the servicing agreement. In the case of some loans that are not payable at the mortgages trustee SVR, for example loans at a fixed rate, the borrower will continue to pay interest at the relevant fixed rate until the relevant period ends in accordance with the borrower's offer conditions. After that period ends, and unless the seller issues an offer, which the borrower accepts, of another option with an incentive, interest will be payable at the mortgages trustee SVR. In addition, some other types of loans are payable or may change so as to become payable by reference to other rates not under the control of the servicer such as SONIA, which rates may also include a fixed or variable rate margin set by the servicer.

The servicer will take all steps necessary under the mortgage terms to notify borrowers of any change in the interest rates applicable to the loans, whether due to a change in the mortgages trustee SVR or any variable margin or as a consequence of any provisions of those terms.

Payments of interest and, in the case of repayment loans, principal, are payable in arrear monthly. The servicer is responsible for collecting all payments made by the relevant borrower either directly to the mortgages trustee GIC account held in the name of the mortgages trustee or to the relevant alternative account or cleared through the relevant Santander UK account and credited to the mortgages trustee GIC account, as appropriate. All payments from borrowers are made by direct debits unless the servicer, as agent of the mortgages trustee, has specifically agreed to another form of payment with that borrower. The servicer initially credits the mortgages trustee GIC account and the alternative accounts with the full amount of the direct debit requests. However, a few days after the due date for payment the unpaid direct debits may begin to be returned, at which time the servicer is permitted to reclaim from the mortgages trustee GIC account or the relevant alternative account, as appropriate, the corresponding amounts previously credited. In these circumstances the usual arrears procedures described in "**—Arrears and default procedures**" will be taken.

All amounts which are credited and paid to an alternative account are transferred into the mortgages trustee GIC account on a regular basis and in any event no later than the next business day after they are deposited in the relevant alternative account. Any amounts which are due to be paid to the mortgages trustee GIC account but which are credited in error to an account of the seller will initially be held on trust by the seller

for the mortgages trustee. The seller will then transfer those amounts to the mortgages trustee GIC account as soon as reasonably practicable.

A borrower of a reward loan may request that a reward cashback is paid in cash and/or is applied by the seller in partial repayment of the related reward loan. If a borrower of a reward loan that forms part of the trust property requests that a reward cashback (or a proportion of it) should be so applied against the relevant reward loan, the seller will transfer an amount equal to the relevant reward cashback (or the relevant proportion thereof) to the mortgages trustee GIC account as soon as reasonably practicable after it falls due for payment and, pending such transfer, will hold such amount on trust for the mortgages trustee. Any such reward cashback shall be applied first against any overdue amounts on the relevant mortgage account and then against the principal amount of the relevant reward loan.

Arrears and default procedures

The servicer shall at all times administer the loans and the related security in accordance with the seller's underwriting policies and lending criteria (including the seller's arrears policy), which set out in clear and consistent terms definitions, remedies and actions relating to delinquency and default of debtors, debt restructuring, debt forgiveness, forbearance, payment holidays, losses, charge offs, recoveries and other asset performance remedies.

The servicer has several strategies for managing arrears and these can be used before the borrower has formally defaulted, or as early as the day after a missed payment. The servicer assesses the problems a borrower is having to offer them the right help to bring their account up-to-date as soon as possible. The most common way to bring an account up-to-date is to agree an affordable repayment plan with the borrower.

The strategy used depends on the risk and the borrower's circumstances. The servicer has a range of tools to help borrowers to reach an affordable and acceptable solution. This could mean visiting the borrower, offering debt counselling by a third party, or paying off the debt using money from their other accounts with Santander, where the servicer has the right to do so.

The servicer regularly gives to the mortgages trustee and the beneficiaries written details of loans that are in arrears. A loan is identified as being **in arrears** when the aggregate of all amounts overdue is at least equal to the monthly payment then due. In general, the servicer attempts to collect all payments due under or in connection with the loans, having regard to the circumstances of the borrower in each case.

The arrears are reported between 1 and 14 days after the amount has been identified unless the arrears have been reduced in the meantime to an amount less than the monthly payment then due. After the arrears are first reported the borrower is contacted and asked for payment of the arrears. The servicer then continues to contact the borrower asking for payment of the arrears.

Delinquency and default of debtors, debt restructuring, debt forgiveness, forbearance, payment holidays, losses, charge offs, recoveries and other asset performance remedies are defined in accordance with the servicer's servicing policies and procedures (as described herein).

Forbearance

If a borrower notifies the servicer that they are having financial difficulty, the servicer aims to come to an arrangement with them before they actually default. The borrower's problems can be the result of losing their job, falling ill, a relationship breaking down, or the death of someone close to them.

The servicer offers forbearance in line with its risk policies, and on a case-by-case basis, to ensure responsible lending and to help borrowers be able to continue to afford their payments.

The servicer may offer the following types of forbearance, but only if its assessments show the borrower can meet the revised payments:

Capitalisation – The servicer offers two main types, which are often combined with term extensions and, in the past, interest-only concessions:

- if the borrower cannot afford to increase their monthly payment enough to pay off their arrears in a reasonable time, but has been making their monthly payments (usually for at least six months), then the servicer can add the arrears to the mortgage balance; and
- the servicer can also add to the mortgage balance at the time of forbearance unpaid property charges which are due to a landlord and which are paid on behalf of the borrower to avoid the lease being forfeited.

Term extension – The servicer can extend the term of the loan, making each monthly payment smaller. At a minimum, the servicer expects the borrower to pay the interest in the short-term and have a realistic chance of repaying the full balance in the long-term. The servicer may offer this option if the borrower is up-to-date with their payments, but showing signs of financial difficulties. The borrower must meet the servicer's policies for maximum loan term and age when they finish repaying (usually no more than 75).

Interest only – In the past, if it was not possible or affordable for a borrower to have a term extension, the servicer may have agreed to let them pay only the interest on the loan for a short time – usually less than a year. The servicer only agreed to this where it believed the borrower's financial problems were temporary and they were likely to recover. Since March 2015, the servicer no longer provides this option. Instead, interest only arrangements are only offered as a short-term standard collections arrangement. The servicer now records any related shortfall in monthly payments as arrears and reports them to the credit reference agencies. As a result, the servicer no longer classifies new interest only arrangements agreed since March 2015 as forbearance. The servicer continues to manage and report all interest only arrangements offered before this date as forbearance.

Reduced payment arrangements – The servicer can suspend overdraft fees and charges while the borrower keeps to a plan to reduce their overdraft each month.

Apart from forbearance, the servicer has sometimes changed contract terms to keep a good relationship with a borrower. These borrowers showed no signs of financial difficulties at the time, so the servicer does not classify the contract changes as forbearance and loans related to such borrowers are typically repaid without any problems.

Debt recovery

When a borrower cannot or will not keep to an agreement for paying off their arrears, the servicer considers recovery options. The servicer only does this once it has tried to get the account back in order.

For mortgages, the servicer can delay legal action. That can happen if the borrower shows that they will be able to pay off the loan or the arrears. The servicer aims to repossess only as a last resort or if necessary to protect the property from damage or third party claims.

The servicer makes sure the estimated losses from repossessed properties are realistic by getting two independent valuations on each property, as well as the estimated cost of selling it.

Legal proceedings do not usually commence until the arrears become equivalent to at least three times the monthly payment. However, in many cases legal proceedings may commence later than the date that arrears reach this level. Once legal proceedings have commenced, the servicer may send further letters to the borrower encouraging the borrower to enter into discussions to pay the arrears. The servicer may still enter into an arrangement with a borrower at any time prior to a court hearing, or it may apply to the court to adjourn a court hearing. If a court order is made for payment and the borrower subsequently defaults in making the payment, then the servicer may take action as it considers appropriate, including entering into an arrangement with the borrower. If the servicer applies to the court for an order for repossession, the court has discretion as to whether it will grant the order.

The servicer has discretion to deviate from these procedures. In particular, the servicer may deviate from these procedures where a borrower suffers from a mental or physical infirmity, is deceased or where the borrower is otherwise prevented from making payment due to causes beyond the borrower's control. This is the case for both sole and joint borrowers.

After repossession, the servicer may take action as it considers appropriate, including to:

- secure, maintain or protect the property and put it into a suitable condition for sale;
- create (other than in Scotland) any estate or interest on the property, including a leasehold;
- dispose of the property (in whole or in parts) or of any interest in the property, by auction, private sale or otherwise, for a price it considers appropriate; and
- let the property for any period of time.

The servicer has discretion as to the timing of any of these actions, including whether to postpone the action for any period of time. The servicer may also carry out works on the property as it considers appropriate, including the demolition of the whole or any part of it.

It should also be noted that the servicer's ability to exercise its power of sale in respect of the property is dependent upon mandatory legal restrictions as to notice requirements. In addition, there may be factors outside the control of the servicer, such as whether the borrower contests the sale and the market conditions at the time of sale, that may affect the length of time between the decision of the servicer to exercise its power of sale and final completion of the sale.

The net proceeds of sale of the property are applied against the sums owed by the borrower to the extent necessary to discharge the mortgage including any accumulated fees and interest. Any amounts owed by the borrower not covered by the net proceeds of sale will be written off at that date and the account closed. However, the borrower is still liable for any deficit left over after the property is sold. The servicer attempts to recover as much of this deficit as possible from the borrower.

These arrears and security enforcement procedures may change over time as a result of a change in the servicer's business practices or legislative and regulatory changes.

It should also be noted in relation to Scottish mortgages that, under the terms of the Home Owner and Debtor Protection (Scotland) Act 2010, lenders are required to obtain a court order, (except in very limited circumstances) when pursuing their statutory enforcement remedies. When considering whether to grant such an order, the court has discretion to consider, among other factors, the nature of the default, the applicant's ability to remedy it and the availability of alternative accommodation. See "**Risk factors—Home Owner and Debtor Protection (Scotland) Act 2010**" above. See also "**Material legal aspects of the loans—Scottish loans**" below.

THE SERVICING AGREEMENT

The following section contains a summary of the material terms of the servicing agreement. The summary does not purport to be complete and is subject to the provisions of the servicing agreement.

Introduction

On 26 July 2000, Santander UK was appointed by the mortgages trustee, Funding and the seller under the servicing agreement to be their agent to service the loans and their related security and the security trustee consented to the appointment. Santander UK has undertaken that in its role as servicer it will comply with any proper directions and instructions that the mortgages trustee, Funding, the seller or the security trustee may from time to time give to Santander UK in accordance with the provisions of the servicing agreement. The servicer is required to administer the loans in the following manner:

- in accordance with the servicing agreement; and
- as if the loans and mortgages had not been assigned to the mortgages trustee but remained with the seller, and in accordance with the seller's procedures and administration and enforcement policies as they apply to those loans from time to time.

The servicer's actions in servicing the loans in accordance with its procedures are binding on the mortgages trustee. The servicer may, in some circumstances, delegate or sub-contract some or all of its responsibilities and obligations under the servicing agreement. However, the servicer remains liable at all times for servicing the loans and for the acts or omissions of any delegate or sub-contractor. The servicer may delegate some of its responsibilities and obligations under the servicing agreement as described in "**—Right of delegation by the servicer**".

Powers

Subject to the guidelines for servicing set forth in the preceding section, the servicer has the power, among other things:

- to exercise the rights, powers and discretions of the mortgages trustee, the seller and Funding in relation to the loans and their related security and to perform their duties in relation to the loans and their related security; and
- to do or cause to be done any and all other things which it reasonably considers necessary or convenient or incidental to the administration 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, the following:

- (a) To maintain approvals, authorisations, consents, and licences required for itself in order to properly service the loans and their related security and to perform or comply with its obligations under the servicing agreement.
- (b) To determine and set the mortgages trustee SVR and any variable margin applicable to any tracker loan in relation to the loans (including the relevant tracker loans) comprising the trust property except in the limited circumstances described in this paragraph (b)) when the mortgages trustee will be entitled to do so. It will not at any time, without the prior consent of the mortgages trustee, Funding and the security trustee, set or maintain:
 - (i) the mortgages trustee SVR at a rate which is higher than (although it may be lower than) the then prevailing Santander UK SVR which applies to loans beneficially owned by the seller outside the mortgages trust;

- (ii) a margin in respect of any tracker loan which, where the offer conditions for that loan provide that the margin shall be the same as the margin applicable to all other loans having the same offer conditions in relation to interest rate setting, is higher than the margin then applying to those loans beneficially owned by the seller outside the mortgages trust; and
- (iii) a margin in respect of any other tracker loan which is higher than the margin which would then be set in accordance with the seller's policy from time to time in relation to that loan.

In particular, the servicer will determine on each interest payment date, having regard to:

- (i) the income which Funding would expect to receive during the next succeeding interest period;
- (ii) the mortgages trustee SVR, any variable margins applicable in relation to any tracker loans and the variable mortgage rates in respect of the loans which the servicer proposes to set under the servicing agreement; and
- (iii) the other resources available to Funding including the Funding swap agreements and the reserve funds,

whether Funding would receive an amount of income during that loan interest period which is less than the amount which is the aggregate of (A) the amount of interest which will be payable in respect of all AAA term advances on the interest payment date falling at the end of that loan interest period and (B) the other senior expenses of Funding ranking in priority to interest due on all those AAA term advances. If the servicer determines that there will be a shortfall in the foregoing amounts, it will give written notice to the mortgages trustee, Funding and the security trustee, within one London business day, of the amount of the shortfall and the SVR and any variable margins applicable in relation to any tracker loans which would, in the servicer's opinion, need to be set in order for no shortfall to arise, having regard to the date(s) on which the change to the SVR and any variable margins would take effect and at all times acting in accordance with the standards of a reasonable, prudent mortgage lender as regards the competing interests of borrowers with SVR loans and borrowers with tracker loans. If the mortgages trustee, Funding and the security trustee notify the servicer that, having regard to the obligations of Funding, the SVR and/or any variable margins should be increased, the servicer will take all steps which are necessary to increase the SVR and/or any variable margins including publishing any notice which is required in accordance with the mortgage terms.

Without prejudice to the above sub-paragraphs, at any time prior to the transfer of legal title to the portfolio (or any part thereof) in accordance with the terms of the mortgage sale agreement, Funding may serve written notice on the servicer instructing the servicer to set the variable rate but only with effect from the date on which such transfer of legal title is effected (including publishing any notice which is required in accordance with the mortgage conditions to effect such change in the variable rate) and provided that an external legal opinion has been obtained by the mortgages trustee or the servicer (in form and substance satisfactory to the security trustee (acting reasonably) and capable of being relied upon by the security trustee) confirming that the exercise of such right would not be, or would be unlikely to be viewed by a court as being, unfair for the purposes of UTCCR, to a rate equal to the SONIA spot rate calculated as at the interest payment date immediately preceding such transfer of legal title plus the post-perfection SVR-SONIA margin and thereafter the servicer shall set the variable rate on a quarterly basis as at each interest payment date (including publishing any notice which is required in accordance with the mortgage conditions to effect such change in the variable rate) at a rate equal to the SONIA spot rate calculated as at that interest payment date plus the post-perfection SVR-SONIA margin.

The mortgages trustee and/or Funding and the security trustee may terminate the authority of the servicer to determine and set the mortgages trustee SVR and any variable margins on the occurrence of a **servicer termination event** as defined under "**—Removal or resignation of**

the servicer", in which case the mortgages trustee will set the mortgages trustee SVR and any variable margins itself in accordance with this paragraph (b) and Santander UK will have the right to make representations to the mortgages trustee with respect to changes to the variable margin.

- (c) (i) The seller shall change the follow-on rate for any tracker loans to which such rate applies (disregarding any discounts or additions to it), only if there is a change in the Bank of England base rate and in accordance with the mortgage terms and the seller's policy in relation to the change of such rates as it applies at any time.

(ii) With effect from the date of transfer of legal title in accordance with the terms of the mortgage sale agreement, the mortgages trustee shall, and shall procure that the seller or the servicer of the loans (if such servicer is not the seller) shall, following the expiry of any interest rate product period in respect of each tracker loan to which the follow-on rate applies, ensure that such tracker loan reverts to the follow-on rate in accordance with the mortgage terms applicable to such tracker loan and the mortgages trustee shall, or shall procure, that the difference between the follow-on rate and the Bank of England base rate on the date of the legal title transfer remains the same for such tracker loans, so that the legal title transfer shall not impact on the relevant rate applicable to such tracker loans.
- (d) To the extent so required by the relevant mortgage terms and applicable law, to notify borrowers of any change in interest rates, whether due to a change in the mortgages trustee SVR, the margin applicable to any tracker loan or as a consequence of any provisions of the mortgage conditions or the offer conditions. It will also notify the mortgages trustee, the security trustee and the beneficiaries of any change in the mortgages trustee SVR.
- (e) To execute all documents on behalf of the mortgages trustee, the seller and Funding which are necessary or desirable for the efficient provision of services under the servicing agreement.
- (f) To keep records and accounts on behalf of the mortgages trustee in relation to the loans.
- (g) To keep the customer files and (if applicable) title deeds in safe custody and maintain records necessary to enforce each mortgage. It will ensure that (if applicable) each title deed is capable of identification and retrieval and that each title deed is distinguishable from information held by the servicer for other persons. If the servicer's short-term, unsecured, unsubordinated and unguaranteed debt is rated less than A-1 by S&P and P-1 by Moody's and the servicer's short-term "issuer default rating" is lower than F1 by Fitch, it will use reasonable endeavours to ensure the customer files and (if applicable) title deeds are located separately from customer files and any title deeds which relate to loans held outside the trust property.
- (h) To provide the mortgages trustee, Funding and the security trustee with access to records relating to the administration of the loans and mortgages and (if applicable) the title deeds.
- (i) To make available to beneficial owners of the Master Issuer notes, who have provided the beneficial ownership certification as described in the servicing agreement, on a monthly basis a report containing information about the loans in the mortgages trust.
- (j) To assist the cash manager in the preparation of a quarterly report substantially in the form set out in the cash management agreement on, among other things, information on the loans and payments arrears.
- (k) To take all reasonable steps, in accordance with the usual procedures undertaken by a reasonable, prudent mortgage lender, to recover all sums due to the mortgages trustee, including instituting proceedings and enforcing any relevant loan or mortgage.
- (l) To enforce any loan which is in default in accordance with its enforcement procedures or, to the extent that the enforcement procedures are not applicable having regard to the nature of

the default in question, with the usual procedures undertaken by a reasonable, prudent mortgage lender on behalf of the mortgages trustee.

- (m) Not knowingly to fail to comply with any legal requirements in the performance of its obligations under the servicing agreement.
- (n) To ensure that at all times the loans (including the flexible loans) comply with the terms of the CCA (to the extent that such loans are regulated by that Act or treated as such).
- (o) Procure that any increase amount received in respect of the subscription of additional amounts in respect of the class Z variable funding notes shall be advanced as a further advance to Funding in respect of the NR VFN term advance and inform the Registrar of each increase amount.
- (p) co-operate fully and to do all such further acts and things as may be necessary or desirable, and to provide all information in its possession necessary for any reporting obligation to enable the Master Issuer, Funding and the mortgages trustee to comply with their obligations to assist the Seller (as originator) to comply with the requirements of Article 7 of the UK Securitisation Regulation and (if applicable) Article 7 of the EU Securitisation Regulation.

The requirement for any action to be taken according to the standards of a **reasonable, prudent mortgage lender** is as defined in the glossary and shall be satisfied by the servicer taking the relevant action in accordance with the seller's policy from time to time.

Compensation of the servicer

The servicer receives a fee for servicing the loans. The mortgages trustee pays to the servicer a servicing fee of 0.12 per cent. per annum on the aggregate outstanding amount of the Funding share of the trust property as of the preceding interest payment date. The fee is payable in arrear on each distribution date only to the extent that the mortgages trustee has sufficient funds to pay it. Any unpaid balance will be carried forward until the next distribution date and, if not paid earlier, will be payable on the final repayment date of the previous intercompany loans, the current intercompany loan and all new intercompany loans or on their earlier repayment in full by Funding.

Removal or resignation of the servicer

The mortgages trustee and/or Funding and the security trustee may, upon written notice to the servicer, terminate the servicer's rights and obligations immediately if any of the following events (each a **servicer termination event**) occurs:

- the servicer defaults in the payment of any amount due and fails to remedy that default for a period of three London business days after becoming aware of the default;
- the servicer fails to comply with any of its other material obligations under the servicing agreement which in the opinion of the security trustee is materially prejudicial to noteholders of the Master Issuer or any new issuing entities respectively and does not remedy that failure within 20 days after becoming aware of the failure;
- an insolvency event (as defined in the glossary) occurs in relation to the servicer; or
- neither the servicer nor a wholly owned subsidiary of the servicer is servicing the loans pursuant to the servicing agreement.

Under the terms of the cash management agreement, following a servicer termination event the cash manager shall use reasonable endeavours to identify a substitute servicer that has experience of administering mortgages of residential property in the UK and is willing to enter into an agreement substantially on the same terms as the relevant provisions of the servicing agreement.

Subject to the fulfilment of a number of conditions, the servicer may voluntarily resign by giving not less than 12 months' notice to the mortgages trustee and the beneficiaries, provided that a substitute servicer has been appointed. The substitute servicer is required to have a management team which has experience of administering mortgages in the UK and to enter into a servicing agreement with the mortgages trustee, Funding and the security trustee substantially on the same terms as the relevant provisions of the servicing agreement. It is a further condition precedent to the resignation of the servicer that the current ratings of the Master Issuer rated notes are not adversely affected as a result of the resignation, unless the relevant classes of noteholders otherwise agree by an extraordinary resolution.

If the appointment of the servicer is terminated, the servicer must deliver the borrower files relating to the loans and (if applicable) title deeds to, or at the direction of, the mortgages trustee. The servicing agreement will terminate when Funding no longer has an interest in the trust property.

No provision has been made in the servicing agreement or otherwise for any costs and expenses associated with the transfer of servicing to a substitute servicer, and such costs and expenses will be borne by the seller and Funding as beneficiaries of the mortgages trust. The servicing fee payable to a substitute servicer will be agreed with that substitute servicer prior to its appointment.

Right of delegation by the servicer

The servicer may subcontract or delegate the performance of its duties under the servicing agreement, provided that it meets particular conditions, including that:

- Funding and the security trustee consent to the proposed sub-contracting or delegation; and
- Funding and the security trustee have no liability for any costs, charges or expenses in relation to the proposed sub-contracting or delegation.

The consent of Funding and the security trustee referred to here will not be required in respect of any delegation to a wholly owned subsidiary of Santander UK from time to time or to a documentation retention service or document storage facility or to persons such as receivers, lawyers or other relevant professionals.

If the servicer sub-contracts or delegates the performance of its duties, it will nevertheless remain responsible for the performance of those duties to Funding, the mortgages trustee and the security trustee and, in particular, will remain liable at all times for servicing the loans and for the acts or omissions of any delegate or subcontractor.

Liability of the servicer

The servicer will indemnify the mortgages trustee and the beneficiaries against all losses, liabilities, claims, expenses or damages incurred as a result of negligence or wilful default by the servicer in carrying out its functions or as a result of a breach of the terms of the servicing agreement. If the servicer does breach the terms of the servicing agreement and thereby causes loss to the beneficiaries, then the seller share of the trust property will be reduced by an amount equal to the loss.

Force Majeure

If the servicer is rendered unable to carry out its obligations under the servicing agreement as a result of any event beyond the reasonable control of the person affected including (without limitation) strike, lock out, labour dispute, act of God, war, riot, civil commotion, epidemics, malicious damage, accident, breakdown of plant or machinery, computer software, hardware or system failure, cyber-attack (or similar), cybersecurity threats, cyber fraud, electricity power-cut, fire or flood; any law, order or regulation of a governmental, supranational or regulatory body; regulation of the banking or securities industry including changes in market rules, currency restrictions, devaluations or fluctuations; or market conditions affecting the execution or settlement of transactions or the value of assets and breakdown, failure or malfunction of any telecommunication system (each, a **Force Majeure Event**) the servicer shall not be liable for any failure to carry out those of its obligations under the servicing agreement which are affected by the Force Majeure Event in question and, for so long as such circumstances continue, shall be relieved of such obligations under the servicing agreement without liability, other than where such Force Majeure Event arose solely as a result of

the fraud, negligence or wilful default of the servicer or its sub-contractors or delegates (and their respective directors, officers and employees).

Governing law

The servicing agreement (and any non-contractual obligations arising out of or in connection with it) is governed by English law.

ASSIGNMENT OF THE LOANS AND THEIR RELATED SECURITY

The following section contains a summary of the material terms of the mortgage sale agreement. The summary does not purport to be complete and is subject to the provisions of the mortgage sale agreement.

Introduction

Loans and their related security have been, and will continue to be, assigned to the mortgages trustee pursuant to the terms of a mortgage sale agreement which was originally entered into on 26 July 2000 between the seller, the mortgages trustee, the security trustee and Funding, amended on 29 November 2000, amended and restated on 23 May 2001, 5 July 2001, 8 November 2001, 7 November 2002, 26 March 2003, 1 April 2004, 8 December 2005, 8 August 2006, 28 November 2006, 20 March 2008, supplemented on 19 December 2008, amended and restated on 16 July 2009, further supplemented on 8 October 2010 and amended and restated on 12 November 2010, 29 June 2012, 29 August 2013, 18 December 2014, 18 April 2016, 6 March 2018, 24 May 2019, 5 June 2020, 30 June 2021 and 24 May 2022 and as may be further amended and/or restated from time to time. The mortgage sale agreement has six primary functions:

- it provides for the sale of loans;
- it sets out the circumstances under which new loans can be added to the mortgages trust;
- it provides for the equitable, beneficial and (in certain circumstances) legal assignment of the loans to the mortgages trustee;
- it sets out the representations and warranties given by the seller;
- it provides for the repurchase of mortgage accounts and related security which have loans (a) which are subject to a product switch or (b) in respect of which a further advance is made or (c) which cause the seller to be in breach of any of its warranties in respect of the loans; and
- it provides for drawings in respect of flexible loans contained in the trust property.

Assignment of loans and their related security to the mortgages trustee

Under the mortgage sale agreement, on 26 July 2000 the seller transferred by way of equitable assignment to the mortgages trustee its interest in a portfolio of loans, together with all of the related security to those loans. Further assignments of loans have taken place on subsequent distribution dates. Full legal assignment of the loans will be deferred until a later date, as described under "**—Legal assignment of the loans to the mortgages trustee**".

The consideration paid to the seller with respect to each assignment of mortgages consisted of a cash payment and deferred consideration, as set out in more detail in the relevant final terms. The deferred consideration is paid in accordance with the priority of payments set out in "**Cashflows—Distribution of Funding available revenue receipts**" and "**—Distribution of Funding available principal receipts prior to enforcement of the Funding security or the occurrence of a trigger event or enforcement of the Master Issuer security**". Funding and the seller (as beneficiaries of the mortgages trust) are not entitled to retain any early repayment fees received by the mortgages trustee, which, upon receipt and identification by the servicer, the mortgages trustee returns to the seller.

The mortgage sale agreement provides that the seller may assign new loans and their related security to the mortgages trustee, which may have the effect of increasing or maintaining the overall size of the trust property. New loans and their related security can only be assigned if certain conditions, as described in this section, are met. The mortgages trustee will hold the new loans and their related security on trust for the seller and Funding pursuant to the terms of the mortgages trust deed. Full legal assignment or assignation (as appropriate) of the loans will be deferred until a later date, as described under "**— Legal assignment of the loans to the mortgages trustee**".

On the date of each relevant sale, the consideration for the assignment of the new loans and their related security (in all cases at their face value) to the mortgages trustee will consist of:

- a payment by Funding to the seller of the proceeds of any new term advance borrowed from the Master Issuer pursuant to the master intercompany loan agreement (or, as the case may be, the proceeds of any new term advance borrowed from any new issuing entity pursuant to a new intercompany loan agreement) and deferred consideration; and/or
- the promise of the mortgages trustee to hold the trust property (including the new loans and their related security) on trust for the seller (as to the seller share) and Funding (as to the Funding share) in accordance with the terms of the mortgages trust deed.

The assignment of new loans and their related security to the mortgages trustee will in all cases be subject to eligibility criteria, which include the following conditions (which may be varied or waived by the security trustee where it has received written confirmation from the rating agencies that such variation or waiver will not cause the ratings of the outstanding Master Issuer rated notes to be reduced, withdrawn or qualified), being satisfied on the relevant date of assignment (**assignment date**):

- (a) each new loan complies with the loan warranties in the mortgage sale agreement at the assignment date of that new loan to the mortgages trustee;
- (b) the seller's lending criteria applicable at the time of origination of the relevant new loan have been applied to the new loan and to the circumstances of the borrower at the time the new loan was made;
- (c) the total amount of arrears in respect of all the loans in the mortgages trust that are in arrears and in respect of which the aggregate amount overdue equals or exceeds two times the Monthly Payment then due, as a percentage of the total amount of gross interest due to the mortgages trustee during the previous 12 months on all loans outstanding during all or part of that period, does not exceed 2 per cent.;
- (d) as at the relevant assignment date, the aggregate outstanding principal balance of loans in the mortgages trust that are in arrears and in respect of which the aggregate amount in arrears is more than three times the monthly payment then due, is less than 4 per cent. of the aggregate outstanding principal balance of loans in the mortgages trust;
- (e) no new loan has on the relevant assignment date an aggregate amount in arrears which is more than the amount of the monthly payment then due, and each new loan was made at least three calendar months prior to the relevant assignment date;
- (f) each new loan is secured by a mortgage constituting a valid and subsisting first charge by way of legal mortgage or (in Scotland) standard security over the relevant property (except in the case of some flexible loans in respect of which the mortgage constitutes valid and subsisting first and second charges by way of legal mortgage or (in Scotland) standard security over the relevant property), subject only (in appropriate cases) to registration at the Land Registry or the Registers of Scotland;
- (g) no outstanding principal balance on any new loan is, at the relevant assignment date, greater than £750,000;
- (h) each borrower has made at least one full monthly payment in respect of the relevant new loan;
- (i) no event of default under the transaction documents shall have occurred which is continuing as at the relevant assignment date;
- (j) as at the most recent interest payment date, the principal deficiency ledger (other than the NR principal deficiency sub-ledger) does not have a debit balance at the relevant assignment date;

- (k) the mortgages trustee is not aware that the purchase of the portfolio of new loans on the assignment date would adversely affect the then current ratings by Moody's, S&P or Fitch of the current Master Issuer rated notes or any of them;
- (l) unless otherwise agreed by Moody's, S&P or Fitch, as the case may be, the short-term, unsecured, unguaranteed and unsubordinated debt obligations of the seller are rated at least P-2 by Moody's and A-3 by S&P and that the short-term "issuer default rating" of the seller is at least F2 by Fitch at the time of, and immediately following, the assignment of new loans to the mortgages trustee;
- (m) except where Funding is paying amounts to the seller with respect to any new loans to be assigned to the mortgages trustee, at least 85 per cent. of the number of mortgage accounts that are in the portfolio at the expiry of the interest period in which the sale takes place must have been in the portfolio at the beginning of that interest period;
- (n) the assignment of new loans on the relevant assignment date does not result in the product of the weighted average repossession frequency (**WAFF**) and the weighted average loss severity (**WALS**) for the loans constituting the mortgages trust after such purchase calculated on such assignment date in the same way as for the loans constituting the mortgages trust as at the initial closing date (or as agreed by the servicer and S&P from time to time) exceeding the product of the WAFF and WALS for the loans constituting the mortgages trust calculated on the most recent previous closing date, plus 0.25 per cent.;
- (o) the purchase of the new portfolio on the relevant assignment date does not result in the Fitch portfolio tests after such purchase (calculated by applying each Fitch portfolio test to the portfolio on such assignment date), exceeding the most recently agreed Fitch portfolio test value for each such Fitch portfolio test;
- (p) the yield on the loans in the mortgages trust together with the new loans to be assigned to the mortgages trustee on the relevant assignment date is not less than the minimum yield as at the immediately preceding interest payment date, after taking into account the weighted average yield on the loans which are fixed rate loans, the tracker loans and the variable rate loans and the margins on the Funding swap(s), in each case as at the relevant assignment date;
- (q) the assignment of new loans does not result in the Moody's portfolio variation test value of the loans in the mortgages portfolio after such assignment, (calculated by applying the Moody's portfolio variation test to such loans on such assignment date), exceeding the most recently determined Moody's portfolio variation test value as calculated in relation to the mortgage loans in the mortgage portfolio (not to be less frequent than annually) plus 0.3 per cent.;
- (r) the assignment of new loans on the relevant assignment date does not result in the loans (other than fixed-rate loans) with a discount of more than 0.8 per cent. to the stabilised rate as at the relevant assignment date that have more than two years remaining on their incentive period in aggregate accounting for more than 20 per cent. of the aggregate outstanding principal balance of loans constituting the trust property;
- (s) no assignment of new loans may occur after any interest payment date on which the Master Issuer does not exercise its option to redeem the Master Issuer notes (but only where such right of redemption arises on or after a particular specified date and not as a result of the occurrence of any event specified in the terms and conditions);
- (t) the first reserve fund has not been debited on or prior to the relevant assignment date for the purposes of curing a principal deficiency in respect of the outstanding BBB term advances and/or outstanding A term advances and/or the outstanding AA term advances and where the first reserve fund has not been replenished by a corresponding amount by the relevant assignment date; and
- (u) if the assignment of loans to the mortgages trustee would include an assignment of types of loan products which have not previously been assigned to the mortgages trustee, the security

trustee has received written confirmation from each of the rating agencies that such new types of loan products may be assigned to the mortgages trustee and that such assignment of new types of loan products would not have an adverse effect on the then current ratings by Moody's, S&P or Fitch of the current Master Issuer rated notes or any of them.

If the above eligibility criteria were not or are not satisfied on an assignment date of loans and their related security to the mortgages trustee (except to the extent varied or waived by the security trustee where it has received written confirmation from the rating agencies that such variation or waiver will not cause the ratings of the outstanding Master Issuer rated notes to be reduced, withdrawn or qualified), the transaction documents provide that such loans and their related security shall not be assigned to the mortgages trustee.

The seller selects the new loans in the expected portfolio, and any loans to be substituted into the expected portfolio, using an internally developed system containing defined data on each of the qualifying loans in the seller's overall portfolio of loans available for selection. This system allows the setting of exclusion criteria, among others, corresponding to relevant representations and warranties that the seller makes in the mortgage sale agreement in relation to the loans. Once the criteria have been determined, the system identifies all loans owned by the seller that are consistent with the criteria. From this subset, loans are selected at random until the target balance for new loans has been reached, or the subset has been exhausted. After a pool of new loans is selected in this way, the constituent loans are monitored so that they continue to comply with the relevant criteria on the date of transfer.

The seller is not permitted to serve a new portfolio notice at any time after it ceases to originate new loans that are capable of meeting the predetermined credit quality requirements set out in the mortgage sale agreement and complying in all material respects with the representations and warranties.

The seller has not previously selected assets to be transferred to the mortgages trustee with the aim of rendering losses on the assets transferred to the mortgages trustee, measured over four years, higher than the losses over the same period on comparable assets held on the balance sheet of the seller.

Legal assignment of the loans to the mortgages trustee

The English loans in the current portfolio were assigned, and any new English loans will be assigned, to the mortgages trustee by way of equitable assignment. The transfer of the beneficial interest in the Scottish loans in the current portfolio to the mortgages trustee has been given effect by declarations of trust by the seller, and the transfer of the beneficial interest in any new Scottish loans will be given effect by further declarations of trust (and in relation to Scottish loans, references in this base prospectus to the **assignment** of loans are in the context of an equitable assignment to read as references to the making of such declarations of trust). In each case this means that legal title to the loans and their related security remains with the seller until notice of the assignment or, in Scotland, until assignments are executed and delivered and notice of such assignment, is given by the seller to the borrowers. Legal assignment or assignment of the loans and their related security (including, where appropriate, their registration) to the mortgages trustee will remain deferred, save in the limited circumstances described in this section. See "**Risk factors—There may be risks associated with the fact that the mortgages trustee has no legal title to the mortgages, which may adversely affect payments on the Master Issuer notes**" and "**—Set-off risks in relation to flexible loans, delayed cashbacks and reward cashbacks may adversely affect the funds available to the Master Issuer to repay the Master Issuer notes**".

Legal assignment or assignment of the loans and their related security to the mortgages trustee will be completed on the fifth London business day after the earliest of the following:

- (a) the service of an intercompany loan enforcement notice in relation to any intercompany loan or a note enforcement notice in relation to any previous notes, the Master Issuer notes or any new notes;
- (b) the seller being required, by an order of a court of competent jurisdiction, or by a regulatory authority of which the seller is a member or any organisation 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 mortgages;
- (c) it being rendered necessary by law to take any of those actions;

- (d) the security under the Funding deed of charge or any material part of that security being in jeopardy and the security trustee deciding to take that action to reduce materially that jeopardy;
- (e) unless otherwise agreed by the rating agencies and the security trustee, the termination of the seller's role as servicer under the servicing agreement;
- (f) the seller requesting that transfer by notice to the mortgages trustee, Funding and the security trustee;
- (g) the date on which the seller ceases to be assigned a long-term unsecured, unsubordinated debt obligation rating by Moody's of at least Baa3 or by S&P of at least BBB- or ceases to have a long-term "issuer default rating" by Fitch of at least BBB-;
- (h) the latest of the last repayment dates of the current intercompany loan, the previous intercompany loans and any new intercompany loans;
- (i) the occurrence of an insolvency event in relation to the seller; and
- (j) the seller is in breach of its obligations under the mortgage sale agreement, but only if: (i) such breach, where capable of remedy, is not remedied to the reasonable satisfaction of Funding and each further funding entity (acting in accordance with the controlling beneficiary deed) within 90 calendar days; and (ii) any of Fitch, Moody's and S&P has confirmed that the then current ratings of the then rated notes will be withdrawn, downgraded or qualified as a result of such breach, PROVIDED THAT: (1) this provision shall not apply if the seller has delivered a certificate to the mortgages trustee, any funding company and/or any Funding security trustee, as applicable, that the occurrence of such event does not impact the designation as a UK STS securitisation (within the meaning of the UK Securitisation Regulation) in respect of any series or class of notes then outstanding which are intended to satisfy the UK STS requirements; and (2) this provision shall be subject to such amendment as the seller may require so long as the seller delivers a certificate to the mortgages trustee, any funding company and/or any Funding security trustee, as applicable, that the amendment of such event does not impact the designation as a 'simple, transparent and standardised' securitisation (within the meaning of the UK Securitisation Regulation) in respect of any series or class of notes then outstanding which are intended to satisfy the UK STS requirements.

Pending completion of the transfer, the right of the mortgages trustee to exercise the powers of the legal owner of the mortgages has been secured by an irrevocable power of attorney granted by the seller in favour of the mortgages trustee, Funding and the security trustee.

The customer files relating to the loans and (if applicable) the title deeds are currently held by or to the order of the seller or by solicitors acting for the seller in connection with the creation of the loans and their related security. The seller has undertaken that all customer files and, save in respect of dematerialised loans, title deeds relating to the loans which are at any time in its possession or under its control or held to its order be held to the order of the mortgages trustee.

Representations and warranties

None of the mortgages trustee, Funding, the security trustee or the Master Issuer has made or has caused to be made on its behalf any enquiries, searches or investigations in respect of the loans and their related security. Instead, each is relying entirely on the representations and warranties by the seller contained in the mortgage sale agreement. The parties to the mortgage sale agreement may, with the prior consent of the security trustee (which consent shall be given if the rating agencies confirm to it and to the Master Issuer that the ratings of the Master Issuer rated notes as at that time will not be adversely affected as a result and on which confirmation the security trustee may rely without liability and without further investigation), amend the representations and warranties in the mortgage sale agreement. The representations and warranties are as follows:

- (a) The particulars of the loans set out in the exhibit to the mortgage sale agreement (or, as the case may be, the relevant new portfolio notice) are true, complete and accurate in all material respects.
- (b) Each loan was originated by the seller in the ordinary course of business pursuant to underwriting standards that were no less stringent than those that the seller at the time of origination to similar loans that are not securitised and was originated and is denominated in pounds sterling (or was originated in pounds sterling or euro, as applicable, and is denominated in Euro if the Euro has been adopted as the lawful currency for the time being of the UK).
- (c) Each loan in the initial portfolio was made not earlier than 1 August 1995 and not later than 31 December 1999, and each loan in each new portfolio was made not later than three calendar months before the relevant assignment date and each loan matures for repayment not later than the maximum loan maturity date.
- (d) No loan has an outstanding principal balance of more than £750,000.
- (e) The lending criteria are the lending criteria applicable to the loans and their related security.
- (f) Prior to the making of each initial advance or further advance the lending criteria and all preconditions to the making of any loan were satisfied in all material respects subject only to such exceptions as would be acceptable to a reasonable, prudent mortgage lender.
- (g) Each loan was made and its related security taken substantially on the terms of the standard documentation without any material variation thereto and nothing has been done subsequently to add to, lessen, modify or otherwise vary the express provisions of any of the same in any material respect, other than:
 - (i) any variation imposed by statute or as a result of legally binding UK government policy changes or initiatives aimed at assisting home owners in meeting payments on their mortgage loans or any variation in the frequency with which the interest payable in respect of the loan is charged;
 - (ii) any substitution of a property pursuant to the mortgage terms;
 - (iii) any variation agreed with a borrower to control or manage arrears on any loan;
 - (iv) any variation in the maturity date of a loan;
 - (v) any variation to the interest rate as a result of the borrower switching to a different rate;
 - (vi) any change to a borrower under the loan or the addition of a new borrower under a loan;
 - (vii) any change in the repayment method of the loan (including from an interest only loan to a repayment loan); or
 - (viii) any other variation that would be acceptable to a prudent mortgage lender, provided such variation did not grant any additional rights to a borrower or introduce any new or additional product features.
- (h) The brochures, application forms, offers, offer conditions and marketing material distributed by the seller to the borrower when offering a loan to a borrower:
 - (A) do not conflict in any material respect with the terms of the relevant standard documentation agreed to by the relevant borrower at the time that the loan was entered into; and

- (B) do not conflict with and would not prohibit or otherwise limit the terms of, the transaction documents or the matters contemplated thereby, including for the avoidance of doubt and without limitation:
 - (I) the assignment of the loans and their related security to the mortgages trustee;
 - (II) the administration of the loans and their related security by the seller or a delegate of the seller or the appointment of a new servicer following the occurrence of an insolvency event in relation to the seller; and
 - (III) so far as the seller is aware to the best of its knowledge, information and belief, the ability of the mortgages trustee to set the variable rate payable under any variable rate loan independently of (and without regard to the level of) the Santander UK SVR, subject to any applicable cap on that variable rate which is not itself linked to any rate set by the seller and to set the variable margin under any tracker loan independently of (and without regard to the level of) any differential set by the seller, subject to any applicable cap on that variable margin which is not itself linked to any margin set by the seller.
- (i) The seller is under no obligation to make further advances (other than flexible loan drawings, delayed cashbacks and reward cashbacks) or to release retentions or to pay fees or other sums relating to any loan or its related security to any borrower.
- (j) Each borrower has made at least one monthly payment.
- (k) Other than with respect to monthly payments within the scope of paragraph (l) below, no borrower is or has, since the date of the relevant mortgage, been in material breach or material default of any obligation owed in respect of the relevant loan or under the related security and accordingly no steps have been taken by the seller to enforce any related security.
- (l) The total amount of arrears of interest or principal, together with any fees, commissions and premiums payable at the same time as such interest payment or principal repayment, on any loan is not on the initial closing date (or, as the case may be, the assignment date) more than the monthly payment payable in respect of such loan in respect of the month in which such date falls and has at no date in the past been more than two times the monthly payment payable in respect of such loan in respect of the month in which such date falls.
- (m) No loan is guaranteed by a third party.
- (n) The outstanding principal balance, all accrued interest and all arrears of interest on each loan and its related security constitute a valid debt due to the seller from the relevant borrower and the terms of each loan and its related security constitute valid and binding obligations of the borrower.
- (o) Interest on each loan is charged in accordance with the standard documentation.
- (p) Interest on each loan is payable monthly in arrears.
- (q) In respect of each loan, either:
 - (i) no agreement for that loan or any part of it is or has ever been:
 - (A) a regulated agreement under the CCA or Chapter 14A of Part 2 of the Regulated Activities Order, as applicable;

- (B) treated as a regulated agreement under the CCA or Chapter 14A of Part 2 of the Regulated Activities Order, as applicable;
 - (C) a linked transaction under the CCA; or
 - (D) liable to be the subject of an order of the court on the grounds that the relationship between the creditor and the debtor arising out of the agreement is unfair under the CCA; or
- (ii) to the extent that any agreement for that loan or any part of it is or has ever been a regulated agreement or treated as such under the CCA or Chapter 14A of Part 2 of the Regulated Activities Order, as applicable, or is or has ever been a linked transaction under the CCA, all requirements of the CCA and, as applicable, the Consumer Credit Sourcebook of the Financial Conduct Authority Handbook, have been met in full. In this warranty (p), the **CCA** means the Consumer Credit Act 1974, as amended, extended or re-enacted from time to time.
- (r) All of the borrowers are individuals.
- (s) No loan in the initial portfolio is a flexible loan.
- (t) No loan is made to an employee or officer of the seller.
- (u) In relation to any loan in respect of which interest is calculated by reference to SVR, the mortgages trustee has a right pursuant to the mortgage terms to set the SVR at any time and from time to time at a level which is independent of the right pursuant to the mortgage terms to set the variable margin applicable to any tracker loan and such SVR is and will be binding on the borrower and enforceable against it.
- (v) The seller has not, since the date of the relevant mortgage, done or omitted to do any act or thing which has caused any material non-observance or material non-compliance with nor any material breach of any obligation, undertaking, covenant or condition on the part of the seller under any loan or its related security (and, for the purposes of this warranty, any overpayment which is the subject of Clause 7.2 of the mortgage sale agreement shall not be treated as such a material non-observance, non-compliance or breach).
- (w) The seller has not exercised its right under:
- (i) condition 13.6 of the Flexible Plus Mortgage Conditions 2003 (edition) to adjust the tracking differential in relation to any of the flexible offset loans governed by the Flexible Plus Mortgage Conditions 2003 (edition); or
 - (ii) condition 13.6 of the Flexible Plus Mortgage Conditions 2006 (edition) to adjust the tracking differential in relation to any of the flexible offset loans governed by the Flexible Plus Mortgage Conditions 2006 (edition),
- without having obtained, prior to the exercise of such right, an external legal opinion confirming that, having reviewed the relevant product literature and mortgage Terms, the exercise of such right would not be unfair for the purposes of the Unfair Terms in Consumer Contracts Regulations 1994, the Unfair Terms in Consumer Contracts Regulation 1999 as amended or (as the case may be) the Consumer Rights Act 2015.
- (x) Each loan is of a type described in paragraph 2(g)(i) of Article 13 (*Level 2B securitisations*) in the UK LCR Regulation and/or in accordance with any official guidance issued in relation thereto.
- (y) So far as the seller is aware, having made all reasonable enquiries, no loan is a loan to a borrower who is (i) a “credit-impaired obligor” as described in Article 13(2)(j) of the UK LCR Regulation or (ii) a “credit-impaired debtor” as described in Article 20(11) of the UK

Securitisation Regulation, and, in each case, in accordance with any official guidance issued in relation thereto.

- (z) No loan has an indexed LTV higher than 100% (or such other maximum LTV as may be specified from time to time for the purposes of Article 243 of the UK Capital Requirements Regulation).
- (aa) Each loan has a standardised risk weight equal to or smaller than 40% on an exposure value-weighted average basis for the portfolio as at the relevant assignment date, as such terms are described in Article 243 of the UK Capital Requirements Regulation.
- (bb) No loan or related security consists of "stock" or "marketable securities" (in either case for the purposes of Section 122 of the Stamp Act 1891), "chargeable securities" (for the purposes of Section 99 of the Finance Act 1986) or a "chargeable interest" for the purposes of Section 48 of the Finance Act 2003 or Section 4 of the Land Transaction Tax and Anti-avoidance of Devolved Taxes (Wales) Act 2017 or Section 4 of the Land and Buildings Transaction Tax (Scotland) Act 2013.
- (cc) The whole of the outstanding principal balance on each loan and any arrears of interest and all accrued interest is secured by a mortgage.
- (dd) Each mortgage is in the form of the pro forma contained in the standard documentation.
- (ee) Each mortgage constitutes a valid and subsisting first charge by way of legal mortgage or first ranking standard security over the relevant property (except in the case of some flexible loans in respect of which the mortgage may constitute valid and subsisting first and second charges by way of legal mortgage or first and second ranking standard securities over the relevant property) subject only in certain appropriate cases to applications for registrations or recordings at the Land Registry or the Registers of Scotland which where requisite have been made and are pending and in relation to such cases the seller is not aware of any caution, notice, inhibition or any other matter that would prevent such registration or recording.
- (ff) Each mortgage (or, in the case of some flexible loans, each first and second mortgage together) has first priority for the whole of the outstanding principal balance on the loan and all arrears of interest and accrued interest thereon and all future interest, fees, costs and expenses payable under or in respect of such mortgage.
- (gg) None of the mortgages secures a loan made to a tenant to purchase a dwelling pursuant to the Housing Act 1985 or the Housing (Scotland) Act 1987 or any subsequent applicable right-to-buy legislation.
- (hh) Each loan and its related security is, save in relation to any loan and its related security which is not binding by virtue of the Unfair Terms in Consumer Contracts Regulations 1994, the Unfair Terms in Consumer Contracts Regulations 1999 or (as the case may be) the Consumer Rights Act 2015, valid and binding and enforceable in accordance with its terms, is non-cancellable and complies in all respects with the laws of the jurisdiction governing it, to the extent that failure to comply would have a material adverse effect on its enforceability or collectability. To the best of the seller's knowledge, none of the terms of any loans or of their related security is not binding by virtue of its being unfair pursuant to the Unfair Terms in Consumer Contracts Regulations 1994, the Unfair Terms in Consumer Contracts Regulations 1999 or (as the case may be) the Consumer Rights Act 2015 or is cancellable by virtue of the Financial Services (Distance Marketing) Regulations 2004. In this warranty, references to any legislation shall be construed as a reference to that legislation as amended, extended or re-enacted from time to time.
- (ii) Each of the mortgages over Registered Land is protected by a restriction prohibiting any dealings in the relevant title without the consent of the seller unless the seller is prevented by any change in legislation or the decision of any competent court, authority or regulatory body applicable to mortgage lenders (or a class of them) generally from imposing such a restriction.

- (jj) All of the properties are in England, Wales or Scotland.
- (kk) Each property constitutes a separate dwelling unit and is either freehold, heritable or leasehold.
- (ll) Every person who, at the date upon which an English mortgage was granted, had attained the age of eighteen and was or was about to be in actual occupation of the relevant property, is either named as a borrower or has signed a deed of consent in the form of the pro forma contained in the standard documentation. At the date upon which any Scottish mortgage was granted, all necessary documentation had been obtained so as to ensure that neither that Scottish mortgage nor the related property is subject to or affected by any statutory right of occupancy (save that in relation to any Scottish mortgage originated on or after 20 December 2005, no warranty is given as to whether such documentation has been obtained with respect to the Civil Partnership Act 2004).
- (mm) No property has been let otherwise than by way of:
 - (i) an assured shorthold tenancy which meets the requirements of section 19A or section 20 of the Housing Act 1988;
 - (ii) an assured tenancy;
 - (iii) a short assured tenancy which meets the requirements of section 32 of the Housing (Scotland) Act 1988; or
 - (iv) a private residential tenancy,in each case which meets the seller's policy in connection with lettings to non-owners.
- (nn) No property is the subject of a shared ownership lease arrangement or staircase purchasing arrangement.
- (oo) Not more than six months (or such longer period as may be acceptable to a reasonable, prudent mortgage lender) prior to the grant of each mortgage (excluding any mortgage granted in relation to a flexible loan as a result of such loan being the subject matter of a product switch to that flexible loan) the seller received a valuation report on the relevant property (or such other form of report concerning the valuation of the relevant property as would be acceptable to a reasonable, prudent mortgage lender), the contents of which were such as would be acceptable to a reasonable, prudent mortgage lender.
- (pp) The principal amount of the initial advance advanced to then existing borrowers of the seller (including any retention(s) subsequently advanced to the borrower but disregarding capitalised expenses) is not more than 95 per cent. of the lower of the purchase price and the appraised value.
- (qq) Prior to the taking of each mortgage (excluding any mortgage granted in relation to a flexible loan as a result of such loan being the subject matter of a product switch to that flexible loan), the seller:
 - (a) instructed the seller's solicitor or licensed or qualified conveyancer:
 - (i) to carry out an investigation of title to the relevant property and to undertake such other searches, investigations, enquiries and other actions on behalf of the seller as are set out in the General Instructions to Solicitors or the Lenders' Handbook contained in the standard documentation (or other comparable or successor instructions and/or guidelines as may for the time being be in place), subject only to such variations as would be acceptable to a reasonable, prudent mortgage lender; or

- (ii) in the case of a re-mortgage to carry out a more limited form of investigation of title for the relevant property (including, in the case of registered land confirming that the borrower is the registered proprietor of the property and that the description of the property corresponds with the entries on the relevant register at the Land Registry) and to confirm all other matters as would be required by a reasonable, prudent mortgage lender; and
 - (b) received a certificate of title from the solicitor or licensed or qualified conveyancer referred to in paragraph (qq)(a) relating to such property the contents of which were such as would be acceptable to a reasonable, prudent mortgage lender.
- (rr) The benefit of all valuation reports, any other valuation report referred to in paragraph ii, home loan protection policies and certificates of title can be validly assigned to the mortgages trustee without obtaining the consent of the relevant valuer, insurer, solicitor or licensed or qualified conveyancer.
- (ss) Each solicitor or licensed or qualified conveyancer has complied with the instructions referred to in paragraph (qq)(a).
- (tt) Insurance cover for each property is or will at all relevant times be available under:
 - (a) a policy arranged by the borrower in accordance with the relevant mortgage conditions or in accordance with the alternative insurance recommendations; or
 - (b) Santander UK plc policies or a policy introduced to the borrower by the seller; or
 - (c) a policy arranged by the relevant landlord.
- (uu) The seller has good title to, and is the absolute unencumbered legal and beneficial owner of, all property, interests, rights and benefits agreed to be sold by the seller to the mortgages trustee pursuant to the mortgage sale agreement free and clear of all mortgages, securities, charges, liens, overriding interests, encumbrances, claims and equities (including, without limitation, rights of set-off or counterclaim and unregistered interests which override first registration and a registered disposition within the meaning of Schedules 1 and 3 to the Land Registration Act 2002) and the seller is not in breach of any covenant or obligation implied by reason of its selling the portfolio with full title guarantee or absolute warrandice (or which would be implied if the registered transfers or unregistered transfers or Scottish transfers, as applicable, were completed).
- (vv) All steps necessary to perfect the seller's title to the loans and the related security were duly taken at the appropriate time or are in the process of being taken, in each case (where relevant) within any applicable priority periods or time limits for registration with all due diligence and without undue delay.
- (ww) Save for title deeds (if any) held at the Land Registry or the Registers of Scotland, the title deeds and the customer files relating to each of the loans and their related security are held by, or are under the control of:
 - (a) the seller; or
 - (b) the seller's solicitors to the order of the seller,and the title deeds (if any) held at the Land Registry or the Registers of Scotland have been sent to it with a request that any such title deeds will be returned to the seller or its solicitors on its behalf.
- (xx) Neither the entry by the seller into the mortgage sale agreement nor any transfer or assignment contemplated by the mortgage sale agreement affects or will adversely affect any of the loans and their related security and the seller may freely assign its interest therein without breaching any term or condition applying to any of them. All approvals, consents and

other steps necessary to permit a legal or equitable or beneficial transfer, or a transfer of servicing or other disposal as and in the manner contemplated by the transaction documents away from the seller have been obtained or taken and there is no requirement in order for the transfer to be effective to obtain the consent of the borrower before, on or after any equitable or beneficial transfer or before any legal transfer of the loans and their related security and such transfer or disposal shall not give rise to any claim by the borrower against the mortgages trustee, the security trustees or any of their successors in title, assigns or assignees.

- (yy) The seller has not knowingly waived or acquiesced in any breach of any of its rights in respect of a loan or mortgage, other than waivers and acquiescence such as a reasonable, prudent mortgage lender might make.
- (zz) The seller has, since the making of each loan, kept or procured the keeping of full and proper accounts, books and records showing clearly all transactions, payments, receipts, proceedings and notices relating to such loan.
- (aaa) Neither the seller nor any of its agents has received written notice of any litigation or dispute (subsisting, threatened or pending) in respect of any borrower, property, loan or related security which might have a material adverse effect on the trust property or any part of it.
- (bbb) The seller has received from each borrower a variable direct debit instruction in favour of the seller signed by the relevant borrower and addressed to its bank, variable as to the amount payable by such borrower by unilateral notice given from time to time by the seller to such borrower's bank without further instruction or consent from such borrower or such other method of payment as may be acceptable to a reasonable, prudent mortgage lender.
- (ccc) There are no authorisations, approvals, licences or consents required as appropriate for the seller to enter into or to perform the obligations under the mortgage sale agreement or to render the mortgage sale agreement legal, valid, binding, enforceable and admissible in evidence.

Mandatory repurchase of loans under a mortgage account

Save with respect to product switches and further advances (as to which see “**—Product switches and further advances**” below), under the mortgage sale agreement, if a loan does not materially comply on the assignment date with the representations and warranties made under the mortgage sale agreement:

- (i) the seller is required to remedy the breach within 20 days of the seller being given written notice of such breach by the mortgages trustee; or
- (ii) if the breach is not remedied within the 20-day period then, at the direction of Funding and the security trustee, the mortgages trustee will require the seller to repurchase the loan or loans under the relevant mortgage account and their related security from the mortgages trustee at a price equal to their outstanding principal balances, together with any arrears of interest and accrued interest and expenses to the date of repurchase.

The seller is also required to repurchase the loan or loans under any mortgage account and their related security if any of the following events occurs:

- (a) if a court, tribunal or any ombudsman makes any determination in respect of any loan and its related security that:
 - (i) any material term which relates to the recovery of interest under the standard documentation applicable to that loan and its related security is unfair; or
 - (ii) the treatment of any borrower in relation to the interest payable by that borrower under any loan is unfair; or
 - (iii) the interest payable under any loan is to be set by reference to the Santander UK SVR (and not that of its successors or assigns or those deriving title from them) and

at any time on or after the determination the Santander UK SVR shall be below or shall fall below the SVR set by those successors or assigns or those deriving title from them; or

- (iv) the variable margin under any tracker loan must be set by the seller (rather than by its successors or assigns or those deriving title from them); or
 - (v) the interest payable under any loan is to be set by reference to an interest rate other than that set or purported to be set by either the servicer or the mortgages trustee as a result of the seller having more than one variable mortgage rate; or
 - (vi) a borrower should be or should have been offered the opportunity to switch to an interest rate other than that required by the servicer or the mortgages trustee for that borrower as a result of the seller having more than one variable rate; or
 - (vii) there has been a breach of or non-observance or non-compliance with any obligation, undertaking, covenant or condition on the part of the seller relating to the interest payable by or available to a borrower under any loan;
- (b) in the case of a product switch or a further advance, in the circumstances described under **“Product switches and further advances”** below;
 - (c) if the seller delivers an excluded further advance notice to the mortgages trustee requiring the seller to repurchase all loans subject of a further advance made on or after the date of such excluded further advance notice and prior to the date of any notice revoking such excluded further advance;
 - (d) if the seller delivers an excluded product switch notice to the mortgages trustee requiring the seller to repurchase all loans subject of a product switch made on or after the date of such excluded product switch notice and prior to the date of any notice revoking such excluded product switch notice;
 - (e) if the principal amount outstanding of the loan is in excess of £750,000. The seller will repurchase such a loan at a price equal to its current balance as of the relevant trust calculation date; and
 - (f) if the seller accepts an application from, or makes an offer (which is accepted) to, a borrower for a product switch or a further advance (other than an excluded product switch or an excluded further advance) the effect of which is to extend the final maturity date of the relevant loan beyond the maximum loan maturity date.

If the seller fails to pay the consideration due for the repurchase (or otherwise fails to complete the repurchase), then the seller share of the trust property shall be deemed to be reduced by an amount equal to that consideration.

The transaction documents contain covenants requiring the repurchase of loans and their related security from the mortgages trustee for the breach of a related representation or warranty. Santander UK plc, as sponsor, discloses any repurchase activity reports on Form ABS-15G filed with the SEC. Santander UK plc filed its most recent Form ABS-15G with the SEC on 13 February 2024. Santander UK plc's CIK number is 0001087711.

Optional repurchase of loans under a mortgage account

The seller may from time to time, at its option, request the mortgages trustee to sell to it a loan comprised in the trust property and its related security if any of the following events occur:

- (a) if a mandatory repurchase event described above occurs with respect to a loan, where the mortgages trustee has not yet delivered a loan repurchase notice in respect of such loan and the seller instead elects to deliver a loan repurchase notice in respect of such loan;

- (b) if such loans are in arrears and two or more monthly payments in respect of each such loan have become due and remain unpaid by the relevant borrower;
- (c) if any loan is not compliant with Article 13 (*Level 2B securitisations*) of the UK LCR Regulation or Article 19, 20, 21 or 22 of the UK Securitisation Regulation and/or in accordance with any official guidance issued in relation thereto (each a **non-compliant loan**), provided that the seller has certified to the security trustee that a repurchase of the non-compliant loan is necessary in order to comply with the requirements of paragraph 2(g)(i) of Article 13 (*Level 2B securitisations*) of the UK LCR Regulation or Article 19, 20, 21 or 22 of the UK Securitisation Regulation;
- (d) if the borrower has expressed a clear intention to redeem a loan in full and has made a repayment of such loan in an amount in excess of the scheduled principal repayment then due under such loan but an amount still remains outstanding under such loan, and the seller delivers an outstanding balance notice substantially in the form set out in schedule 16 (*Outstanding Balance Notice*) to the Mortgage Sale Agreement to the mortgages trustee; and
- (e) if such loans are designated as seller share repurchase loans as set out in "Seller share permitted repurchase procedure" below.

No active portfolio management

The seller's rights and obligations to sell loans and their related security to the mortgages trustee, and/or repurchase loans and their related security from the mortgages trustee pursuant to the mortgage sale agreement, including without limitation repurchases of loans which did not materially comply with the representations and warranties made under the mortgage sale agreement, loans in arrears and non-compliant loans, do not constitute active portfolio management for the purposes of Article 20(7) of the UK Securitisation Regulation.

Drawings under flexible loans

The seller is solely responsible for funding all future drawings in respect of flexible loans contained in the trust property. The amount of the seller's share of the trust property will increase by the amount of the drawing.

Product switches and further advances

A loan will be subject to a **product switch** if the borrower and the seller agree or the servicer issues an offer of, and the borrower accepts, a variation in the financial terms and conditions applicable to the relevant borrower's loan other than:

- any variation agreed with a borrower to control or manage arrears on that loan (excluding any variation or arrangement agreed with a borrower made pursuant to the Homeowner Mortgage Support Scheme as set out by HM Treasury in a press notice on 10 December 2008 and as set out in further detail by the Department for Communities and Local Government in a press release on 21 April 2009) (or a comparable scheme offered by the seller));
- any variation in the maturity date of the loan (other than an extension beyond the maximum loan maturity date);
- any variation imposed by statute;
- subject to the mortgage sale agreement, any variation of the principal available and/or the rate of interest payable in respect of that loan where that rate is offered to the borrowers of loans which constitute more than 10 per cent. by outstanding principal amount of the loans comprising the trust property in any interest period (subject to certain conditions); or
- any variation in the frequency with which the interest payable in respect of the loan is charged.

For these purposes only, a loan is subject to a **further advance** if an existing borrower requests a further amount to be lent to him or her under the mortgage in circumstances where the seller has discretion to make that further amount available to the relevant borrower and it grants that request. However, any drawings pursuant to a flexible loan shall not be a further advance for these purposes.

A **permitted product switch** is a variation in the financial terms and conditions of a loan in which a borrower exchanges his or her then current loan product for a different loan product offered by the seller, provided that:

- the relevant borrower has made at least one monthly payment on his or her then current loan product;
- the new loan for which the prior loan is to be exchanged is a permitted replacement loan;
- the conditions set forth under “**Assignment of loans and their related security to the mortgages trustee**” (other than conditions (l) and (m)) are satisfied, provided that conditions (n) and (q) will only be required to have been satisfied on the date of the most recent assignment of loans to the mortgages trustee;
- the interest-only mortgages level test is satisfied, which it will be if test being satisfied if, as calculated on the most recent trust calculation date: $A/B \times 100 \leq C$

where

A = the current balance of all interest-only loans (which, for the avoidance of doubt includes interest-only components of combination repayment and interest-only loans) comprised in the trust property as at the relevant trust calculation date; B = the current balance of all loans comprised in the trust property as at the relevant trust calculation date; and C = the number specified in the most recent final terms; and

- the product switch is not a variation or arrangement agreed with a borrower made pursuant to the Homeowner Mortgage Support Scheme as set out by HM Treasury in a press notice on 10 December 2008 and as set out in further detail by the Department for Communities and Local Government in a press notice on 21 April 2009 (or a comparable scheme operated by the seller).

A **permitted replacement loan** is a loan:

- that is subject to either a fixed rate, a variable rate or a base rate-linked rate of interest;
- that has a maturity date prior to the maximum loan maturity date; and
- to which the repurchase obligations of the seller set forth under “**—Repurchase of loans under a mortgage account**” above shall not apply.

A loan will be subject to a further advance if, an existing borrower requests a further amount to be lent to him or her under the mortgage in circumstances where the seller has discretion to make that further amount available to the relevant borrower and it grants that request. However, any drawings pursuant to a flexible loan shall not be a further advance for these purposes.

If the servicer (on behalf of the seller) agrees to any request regarding a product switch or further advance and if the loan which is the subject of the product switch or further advance is in the portfolio at such time, the seller pursuant to the terms of the mortgage sale agreement will agree that if the excluded product switch and/or excluded further advance notices (which have been given by the seller) are revoked and if the loans do not comply with the conditions for product switches and further advances, they need to be repurchased.

If the loan, following such product switch or further advance, does not comply as required above or if a product switch (which is not an excluded product switch) is not a permitted product switch, the seller will be

required to repurchase such loan under the relevant mortgage account and its related security from the mortgages trustee at a price equal to its current balance on the date of such product switch or further advance being made.

The seller will be solely responsible for funding a further advance and the seller share of the trust property will increase by an amount equal to the advance made to the borrower. Neither the mortgages trustee nor Funding, nor any further funding entity if established, may themselves advance funds to the seller and/or the borrower for the purposes of funding a further advance in any circumstances.

Conditions for product switches and further advances

In order for any loan which has been the subject of a product switch or a further advance (other than an excluded product switch or an excluded further advance) to remain in the mortgages trust, the following conditions (which may be varied or waived by the mortgages trustee (subject to the prior written confirmation by the rating agencies that the then current ratings of any Master Issuer rated notes will not be downgraded, withdrawn or qualified as a result of such variation or waiver (it being acknowledged that none of the rating agencies has any obligation to provide such confirmation at any time and that the confirmation of one of the rating agencies may be sufficient for that purpose; provided that (i) a written request for confirmation or response has been delivered to each rating agency by or on behalf of the Master Issuer (copied to the security trustee) and (ii) one or more rating agencies either (x) indicates it does not consider such confirmation or response necessary, or (y) provides no confirmation or response within a reasonable timeframe))) must be complied with as of the trust calculation date immediately following the product switch or the making of the further advance:

- (a) no event of default under the transaction documents to which Funding is a party shall have occurred which is continuing or unwaived;
- (b) the aggregate outstanding principal balance of loans in the mortgages trust that are in arrears and in respect of which the aggregate amount in arrears is more than three times the monthly payment then due is less than 4 per cent. of the aggregate outstanding principal balance of loans in the mortgages trust;
- (c) the total amount of arrears in respect of all the loans in the mortgages trust that are in arrears and in respect of which the aggregate amount overdue equals or exceeds two times the monthly payment then due, as a percentage of the total amount of gross interest due to the mortgages trustee during the previous 12 months on all loans outstanding during all or part of such period, must not exceed 2 per cent.;
- (d) the first reserve fund has not been debited for the purposes of curing a principal deficiency in respect of the outstanding BBB term advances and/or the outstanding A term advances and/or the outstanding AA term advances and where the first reserve fund will not be replenished by a corresponding amount on the following distribution date;
- (e) the mortgages trustee is not aware that the then current ratings by the rating agencies of the Master Issuer rated notes then outstanding or any rated debt instruments of Funding (if applicable) then outstanding would be downgraded, withdrawn or qualified as a result of the relevant loan subject to a product switch and/or further advance (other than an excluded product switch and/or excluded further advance) remaining in the mortgages trust;
- (f) each loan and its related security which is the subject of a product switch and/or a further advance materially complies at the date of such product switch and/or further advance with the loan warranties set out in the mortgage sale agreement;
- (g) as a result of the relevant loan subject to a product switch and/or further advance (other than an excluded product switch and/or excluded further advance) remaining in the mortgages trust, the product of the WAFF and the WALs for the loans comprised in the trust property after such product switch and/or such further advance (other than an excluded product switch and/or excluded further advance) calculated on the relevant trust calculation date in accordance with the S&P methodology in the same way as for the initial portfolio (or as agreed

by the servicer and S&P from time to time) will not exceed the product of WAFF and WALs for the portfolio calculated on the most recent previous closing date, plus 0.25 per cent.;

- (h) the yield of the loans comprising the trust property is at least equal to the minimum yield calculated on the immediately preceding interest payment date (in respect of the then current interest period), after taking into account the average yield on the loans which are fixed rate loans, tracker loans and variable rate loans and the margins in respect of the Funding swap(s), in each case as at the relevant trust calculation date;
- (i) if the making of a product switch and/or further advance (other than an excluded product switch and/or excluded further advance) would result in a new type of loan that is materially different from the types of loans comprised in the portfolio being included in the mortgages trust, then the security trustee has received written confirmation from the rating agencies that the then current ratings of the Master Issuer rated notes then outstanding or any rated debt instruments of Funding (if applicable) then outstanding would be downgraded, withdrawn or qualified as a result of the relevant Loans which were subject to a product switch and/or further advance (other than an excluded product switch and/or excluded further advance) remaining in the trust property (it being acknowledged that none of the rating agencies has an obligation to provide such confirmation at any time and that the confirmation of one of the rating agencies may be sufficient for that purpose; provided that (i) a written request for confirmation or response has been delivered to each rating agency by or on behalf of the Master Issuer (copied to the security trustee) and (ii) one or more rating agencies either (x) indicates it does not consider such confirmation or response necessary, or (y) provides no confirmation or response within a reasonable timeframe);
- (j) the Funding swap agreements have been modified, if and as required (and, if necessary, Funding has entered into a new swap agreement) to hedge against the interest rate payable in respect of such product switch(es) and/or such further advance(s) (other than an excluded product switch and/or excluded further advance) and the floating rate of interest payable on the intercompany loans;
- (k) no trigger event has occurred on or before the relevant trust calculation date; and
- (l) the making of a product switch or further advance remaining in the mortgages trust will not result in the Fitch portfolio tests after such product switch or further advance remaining in the mortgages trust (calculated by applying each Fitch portfolio test to the portfolio on such trust calculation date) exceeding the most recently agreed Fitch portfolio test value for each such Fitch portfolio test,

provided that the above conditions shall not apply in respect of a product switch and/or a further advance (other than an excluded product switch and/or an excluded further advance) if on or prior to the business day falling ten days after the end of the trust calculation period in which the product switch and/or the further advance (other than an excluded product switch and/or an excluded further advance) is made, each of the rating agencies confirms in writing to the mortgages trustee and the security trustee that the then current ratings of the Master Issuer rated notes then outstanding or any rated debt instruments of Funding (if applicable) will not be withdrawn, downgraded or qualified as a result of such product switch and/or such further advance (other than an excluded product switch and/or an excluded further advance) (it being acknowledged that none of the rating agencies has any obligation to provide such confirmation at any time and that the confirmation of one of the rating agencies may be sufficient for that purpose; provided that (i) a written request for confirmation or response has been delivered to each rating agency by or on behalf of the Master Issuer (copied to the security trustee) and (ii) one or more rating agencies either (x) indicates it does not consider such confirmation or response necessary, or (y) provides no confirmation or response within a reasonable timeframe),

provided further that the aggregate current balance of all loans subject to product switches and further advances that remain trust property during the period between an assignment date or a closing date and the immediately following assignment date or closing date shall not be higher than 10 per cent. of the aggregate current balance of all loans comprising the trust property as at such first assignment date or closing date.

The Fitch portfolio tests are described earlier in this section in "**—Representations and warranties**", except that such conditions will be required to be satisfied as at the most recent trust calculation date, without reference to the particular product switch or further advance.

Excluded further advances and excluded product switches

Notwithstanding the above, if the seller delivers an excluded further advance notice and/or an excluded product switch notice to the mortgages trustee in accordance with the mortgage sale agreement, then the seller will repurchase all loans that are the subject of further advances and/or product switches, respectively, made from the date of that notice until the date on which the relevant notice is revoked in accordance with the terms of the mortgage sale agreement. As at the date of this base prospectus an excluded further advance notice and excluded product switch notice have been given by the seller to the mortgages trustee.

Seller share permitted repurchase procedure

If, on any trust calculation date, the cash manager has determined in accordance with the provisions of the mortgages trust deed (see "**The mortgages trust – Fluctuation of the Funding's share/seller's share**" below) that the maximum seller share reduction amount is an amount greater than zero, the seller may during the immediately following trust calculation period, provided no trigger event has occurred or is continuing, select at random loans with an aggregate outstanding principal balance determined at the seller's discretion (not exceeding the maximum seller share permitted reduction amount) (the **seller share repurchase loans**) to be subject to an optional repurchase by the seller as set out in "Optional repurchase of loans under a mortgage account" above.

The loan repurchase date in respect of any seller share repurchase loans selected for repurchase shall not fall after the end of the trust calculation period in which such seller share repurchase loans were selected.

Reasonable, prudent mortgage lender

References in the documents to the seller and/or the servicer acting to the standard of a reasonable, prudent mortgage lender mean the seller and/or the servicer, as applicable, acting in accordance with the seller's policy from time to time.

Governing law

The mortgage sale agreement (and any non-contractual obligations arising out of or in connection with it) is governed by English law (other than certain aspects relating to the Scottish loans and their related security, which are governed by Scots law).

THE MORTGAGES TRUST

The following section contains a summary of the material terms of the mortgages trust deed. The summary does not purport to be complete and is subject to the provisions of the mortgages trust deed.

General legal structure

The mortgages trust was formed under English law with the mortgages trustee as trustee for the benefit of the seller and Funding as beneficiaries. The mortgages trust was formed for the financings of the Master Issuer, for the financings described in this base prospectus and for the financings of new issuing entities. This section describes the material terms of the mortgages trust, including how money is distributed from the mortgages trust to Funding and the seller.

If new issuing entities are established or a new funding entity becomes a beneficiary of the mortgages trust (subject to the agreement of the seller and Funding) or new types of loans are added to the mortgages trust, then the terms of the mortgages trust may be amended. Such amendments may affect the timing of payments on the Master Issuer notes. The prior consent of noteholders will not be sought in relation to any of the proposed amendments to the mortgages trust deed, provided (amongst other things) that the rating agencies confirm that the ratings of the outstanding Master Issuer rated notes will not be adversely affected by such amendments. There can be no assurance that the effect of any such amendments will not ultimately adversely affect your interests.

Under the terms of the mortgages trust deed, the mortgages trustee holds all the trust property on trust absolutely for Funding (as to Funding's share percentage) and for the seller (as to the seller's share percentage). The **trust property** is:

- the sum of £100 settled by Wilmington Trust SP Services (London) Limited on trust on the date of the mortgages trust deed;
- the current portfolio of loans and their related security assigned to the mortgages trustee by the seller;
- new loans and their related security assigned to the mortgages trustee by the seller after the date of this base prospectus;
- any increase in the outstanding principal balance of a loan due to capitalised interest (other than capitalised interest in respect of any loan that is subject to an extraordinary payment holiday), capitalised expenses, capitalised arrears or a borrower making a drawing under any flexible loan;
- any interest and principal paid by borrowers on their loans;
- any other amounts received under the loans and related security excluding third party amounts;
- rights under any insurance policies of which the mortgages trustee has the benefit;
- amounts on deposit (and interest earned on those amounts) in the mortgages trustee GIC account and in the alternative accounts; and
- any other property representing or derived from the above,

less

- any actual losses in relation to the loans and any actual reductions occurring in respect of the loans as described in paragraph (a) in "**Funding share of the trust property**"; and

- distributions of revenue receipts and principal receipts made from time to time to the beneficiaries of the mortgages trust.

Funding is not entitled to particular loans and their related security separately from the seller; rather each of them has an undivided interest in all of the loans and their related security forming part of the trust property. The beneficial interests of Funding and the seller represent *pro rata* interests in the trust property, according to the Funding share and the seller share respectively, in the trust property.

The relevant final terms will set out approximately Funding's share of the trust property and the seller's share of the trust property as at the relevant closing date.

Fluctuation of Funding's share/the seller's share

Funding's share and the seller's share of the trust property fluctuate depending on a number of factors including:

- the allocation of principal receipts on the loans to Funding and/or the seller;
- losses arising on the loans;
- if new loans and their related security are assigned to the mortgages trustee;
- if Funding acquires part of the seller's share (as described under "**—Acquisition by Funding of an increased interest in the trust property**");
- if a borrower makes a drawing under a flexible loan;
- if a borrower makes underpayments or takes payment holidays under a flexible loan;
- if a borrower takes an extraordinary payment holiday;
- if a borrower exercises a right of set-off in relation to a loan, the seller fails or is unable to repurchase a loan in circumstances when it is required to do so under the mortgage sale agreement, or the seller materially breaches any other obligation or warranty in the mortgage sale agreement or (whilst it is the servicer) the servicing agreement (as described under "**—Funding share of the trust property**");
- if the seller acquires part of Funding's share, as described in "**—Acquisition by the seller of an increased interest in the trust property**"; and
- if the seller, or the mortgages trustee on behalf of the seller, makes a refinancing contribution to Funding on a distribution date (including from the proceeds of class Z variable funding notes).

The Funding share and the seller share are recalculated by the cash manager on each trust calculation date and each date during a trust calculation period on which: (i) any refinancing contribution is made by the seller to Funding to acquire a portion of Funding's share of the trust property, (ii) any consideration (excluding deferred consideration) is paid by Funding the seller in relation to any new loans assigned to the mortgages trustee pursuant to the mortgage sale agreement, (iii) any consideration (excluding deferred consideration) is paid by Funding to the seller in relation to any acquisition by Funding from the seller of an interest in the trust property, or (iv) a loan repurchase date on which the seller repurchases seller share repurchase loans pursuant to the mortgage sale agreement (each an **interim trust recalculation event**). The recalculation is based on the total outstanding principal balance of the loans constituting the trust property as at the close of business on the last day of the immediately preceding trust calculation period or, as the case may be, interim trust calculation period.

When the cash manager recalculates the Funding share percentage and the seller share percentage on a trust calculation date, that recalculation will (subject to the following) apply for the then current trust calculation period (commencing on the first day of the calendar month in which such trust calculation date occurs). If, during such trust calculation period, an interim trust recalculation event occurs, the recalculation made by the cash manager on the date of such interim trust recalculation event (each, an **interim trust calculation date**) will only apply from (and including) such interim trust calculation date to (and including) the

end of that trust calculation period or, if a further interim trust recalculation event occurs prior to the last day of that trust calculation period, to (but excluding) such further interim trust calculation date. The portion of a trust calculation period that is less than a full trust calculation period is called an **interim trust calculation period**.

The reason for the recalculation is to determine the new Funding share percentage and the new seller share percentage. The Funding share percentage and the seller share percentage determine Funding's and the seller's, as applicable, entitlement to revenue receipts and principal receipts from the loans in the trust property and also the allocation of losses arising on the loans. The method for determining those new percentage shares is set out in the next two sections.

If Funding borrows a Funding loan, Funding shall make a payment to the seller in consideration for an increase in Funding's share on a distribution date specified in that notice, with the effect that Funding's share shall increase and the seller's share shall correspondingly decrease.

In addition, on each trust calculation date, the cash manager shall determine the maximum total amount (the **maximum seller share permitted reduction amount**) that may be deducted from the outstanding principal balance of all the loans constituting the trust property as at such trust calculation date, equal to:

$$W = X - \frac{Y}{(1 - Z)}$$

where:

- W = the maximum seller share permitted reduction amount;
- X = the aggregate outstanding principal balance of all the loans constituting the trust property as at such trust calculation date;
- Y = the current funding share as at such trust calculation date deducting therefrom, for the avoidance of doubt, the amount of any principal receipts to be distributed to Funding on the following distribution date; and
- Z = the sum of: (i) the minimum seller share as determined on such trust calculation date (see "**Minimum seller share**" below); expressed as a percentage of the outstanding principal balance of all the loans in the trust property on such trust calculation date plus any retained principal receipts (as adjusted in accordance with the calculation of "G" as set out in "**Funding share of the trust property**" below) (calculated to an accuracy of five decimal places (rounded upwards)); and (ii) 5%.

Notwithstanding the calculation of maximum seller share permitted reduction amount above on each trust calculation date, no adjustments shall be made to the calculation of the funding share percentage and seller share percentage on such date and any adjustments shall only be made on the interim trust calculation date on which an interim trust recalculation event occurs due to a loan repurchase date occurring pursuant to an optional redemption of seller share repurchase loans in accordance with the mortgage sale agreement.

Funding share of the trust property

On each trust calculation date (referred to in this section as the **relevant trust calculation date**), in respect of which an interim trust recalculation event has not occurred during the immediately preceding trust calculation period, the interest of Funding in the trust property is recalculated and the recalculated amount will take effect for the then current trust calculation period in accordance with the following formula:

The **current Funding share** on each trust calculation date is an amount equal to:

$$(A - B - C + D + E + F)$$

The **current Funding share percentage** is an amount equal to:

$$\frac{(A - B - C + D + E + F) \times 100}{G}$$

in the latter case expressed as a percentage and rounded upwards to five decimal places,

where:

- A = the amount of the Funding share as at the immediately preceding trust calculation date;
- B = the sum of (i) the amount of any principal receipts on the loans to be distributed to Funding on the following distribution date (as described under "**Mortgages trust allocation and distribution of principal receipts prior to the occurrence of a trigger event**" and "**Mortgages trust allocation and distribution of principal receipts and retained principal receipts after the occurrence of a trigger event**") and (ii) any refinancing contribution made by the seller to Funding in the immediately preceding trust calculation period;
- C = the amount of losses sustained on the loans in the immediately preceding trust calculation period and allocated to Funding (based on the Funding share percentage thereof calculated on the immediately preceding trust calculation date) in the trust calculation period immediately preceding the relevant trust calculation date and the amount of any reductions occurring in respect of the loans as described in paragraph (a) below, in each case allocated to Funding in the trust calculation period immediately preceding the relevant trust calculation date;
- D = the amount of any consideration (excluding deferred consideration) to be paid by Funding to the seller with respect to any new loans assigned to the mortgages trustee in the immediately preceding trust calculation period;
- E = the amount of any consideration (excluding deferred consideration) to be paid by Funding to the seller in relation to the acquisition by Funding from the seller in the immediately preceding trust calculation period of an interest in the trust property;
- F = an amount equal to the portion of any capitalised interest (other than capitalised interest in respect of any loan that is subject to an extraordinary payment holiday), capitalised expenses and capitalised arrears accrued on the loans or a borrower making drawings under flexible loans in the trust calculation period immediately preceding the relevant trust calculation date which is allocated to the Funding share in accordance with the mortgages trust deed, less the amount of any payment to be made by the seller to Funding in respect of such portion of capitalised interest, capitalised expenses, capitalised arrears and/or additional drawings under flexible loans as described in "**Acquisition by the seller of an increased interest in the trust property**"; and
- G = the amount of the retained principal receipts (as defined below) (if any) plus the aggregate outstanding principal balance of all the loans in the trust property as at the relevant trust calculation date including after making the distributions, allocations and additions referred to in "**B**", "**C**", "**D**", "**E**" and "**F**", taking account of (without double counting) (a) any distribution of principal receipts to Funding and the seller to be made on the immediately following distribution date as calculated on the relevant trust calculation date, (b) the amount of any losses allocated to Funding and the seller, (c) any increase in the loan balances due to capitalised interest, capitalised expenses and capitalised arrears or borrowers taking payment holidays or, as the case may be, extraordinary payment holidays and/or making underpayments or additional drawings under flexible loans, (d) any refinancing contributions made by the seller, or the mortgages trustee on behalf of the seller, in the immediately preceding trust calculation period, (e) the adjustments referred to in paragraphs (a) to (e) below (or if the seller share is zero, the adjustments referred to in (a) only), and (f) the amount of

any other additions or subtractions to the trust property during the immediately preceding trust calculation period.

On any trust calculation date in respect of which an interim trust recalculation event has occurred during the immediately preceding trust calculation period, the cash manager will calculate (for the sole purpose of making the distributions to be made and allocating the losses to be applied on the immediately succeeding distribution date) the weighted average of the current Funding share percentage in respect of each interim trust calculation period occurring in that immediately preceding trust calculation period. The calculation will be based on the amount of the revenue receipts and the principal receipts received and the losses sustained during each of the interim trust calculation periods falling in the immediately preceding trust calculation period. The **weighted average Funding share percentage** on any such trust calculation date will be equal to:

- in respect of the distribution of revenue receipts to be made on the immediately succeeding distribution date (the **weighted average Funding share (revenue) percentage**), the sum, in respect of each interim trust calculation period falling in the trust calculation period immediately preceding the relevant trust calculation date, of:

(A) the product of:

- I. the current Funding share percentage for that interim trust calculation period; and
- II. the amount of all revenue receipts received by the mortgages trustee during that interim trust calculation period;

divided by:

(B) the aggregate of all revenue receipts received by the mortgages trustee during the trust calculation period immediately preceding that trust calculation date;

- in respect of the distribution of principal receipts to be made on the immediately succeeding distribution date (the **weighted average Funding share (principal) percentage**), the sum, in respect of each interim trust calculation period falling in the trust calculation period immediately preceding the relevant trust calculation date, of:

(A) the product of:

- I. the current Funding share percentage for that interim trust calculation period; and
- II. the amount of all principal receipts received by the mortgages trustee during that interim trust calculation period;

divided by:

(B) the aggregate of all principal receipts received by the mortgages trustee during the trust calculation period immediately preceding that trust calculation date; and

- in respect of the allocation of losses to be applied on the immediately succeeding distribution date (the **weighted average Funding share (losses) percentage**), the sum, in respect of each interim trust calculation period falling in the trust calculation period immediately preceding the relevant trust calculation date, of:

(A) the product of:

- I. the current Funding share percentage for that interim trust calculation period; and

II. the amount of all losses sustained on the loans during that interim trust calculation period;

divided by:

(B) the aggregate of all losses sustained on the loans during the trust calculation period immediately preceding that trust calculation date

On each interim trust calculation date (the **relevant interim trust calculation date**), the current Funding share percentage will be recalculated by the cash manager and will, in each case, be an amount, expressed as a percentage (calculated to an accuracy of five decimal places (rounded upwards)), equal to:

$$\frac{A - B + D + E}{G} \times 100$$

where:

- A = the current Funding share as determined on the later of the immediately preceding trust calculation date and any subsequent interim trust calculation date immediately preceding the relevant interim trust calculation date;
- B = the amount of any refinancing contribution made by the seller to Funding on the relevant interim trust calculation date;
- D = the amount of any consideration (excluding deferred consideration) paid by Funding to the seller in relation to any new loans to be assigned to the mortgages trustee on the relevant interim trust calculation date;
- E = the amount of any consideration (excluding deferred consideration) to be paid by Funding to the seller in relation to any acquisition by Funding from the seller on the relevant interim trust calculation date of an interest in the trust property; and
- G = an amount equal to (i) the aggregate outstanding principal balance of all the loans constituting the trust property as at the later of the immediately preceding trust calculation date or any subsequent interim trust calculation date immediately preceding the relevant interim trust calculation date, plus (ii) the aggregate outstanding principal balance of any new loans sold to the mortgages trustee on the relevant interim trust calculation date, minus (iii) the aggregate outstanding principal balance of any seller share repurchase loans repurchased from the mortgages trustee on the relevant interim trust calculation date, as applicable.

If any of the following events occurs during a trust calculation period or, as applicable, interim trust calculation period, immediately preceding the relevant trust calculation date or relevant interim trust calculation date, as applicable, then the aggregate total outstanding principal balance of the loans in the trust property is reduced or deemed to be reduced for the purposes of the calculation of "G":

- (a) any borrower exercises a right of set-off so that the amount of principal and interest owing under a loan is reduced but no corresponding payment is received by the mortgages trustee. In this event, the aggregate outstanding principal balance of the loans in the trust property is reduced by an amount equal to the amount of that set-off; and/or
- (b) a loan or its related security is (i) in breach of the loan warranties contained in the mortgage sale agreement or (ii) the subject of another obligation of the seller to repurchase, and in each case the seller fails to repurchase the loan or loans under the relevant mortgage account and their related security to the extent required by the terms of the mortgage sale agreement. In this event, the aggregate outstanding principal balance of the loans in the trust property is deemed to be reduced for the purposes of the calculation in "G" by an amount equal to the outstanding principal balance of the relevant loan or loans under the relevant mortgage account (together with arrears of interest and accrued interest); and/or

- (c) the seller would be required to repurchase a loan and its related security as required by the terms of the mortgage sale agreement, but the loan is not capable of being repurchased. In this event, the aggregate outstanding principal balance of the loans in the trust property is deemed to be reduced for the purposes of the calculation in "G" by an amount equal to the outstanding principal balance of the relevant loan or loans under the relevant mortgage account (with arrears of interest and accrued interest); and/or
- (d) the seller materially breaches any other obligation or warranty under the mortgage sale agreement and/or (for so long as the seller is the servicer) the servicing agreement, which is also grounds for terminating the appointment of the servicer. In this event, the aggregate outstanding principal balance of the loans in the trust property is deemed to be reduced by an amount equal to the resulting loss incurred by the beneficiaries; and/or
- (e) the seller share of the mortgages trustee revenue receipts is less than the loss amount payable to the mortgages trustee and/or Funding. In this event, the trust property is deemed to be reduced for the purposes of the calculation in "G" by an amount equal to the shortfall in the loss amount. The "**loss amount**" means any costs, expenses, losses or other claims suffered by the mortgages trustee and/or Funding as a result of any of the matters listed at (a) to (g) (inclusive) in "**Assignment of the loans and their related security—Repurchase of loans under a mortgage account**" and where such costs, expenses, losses or other claims are in connection with any recovery of interest on the loans to which the seller, the mortgages trustee or Funding was not entitled or could not enforce.

The reductions or deemed reductions set out in paragraphs (a) to (e) are made to the seller's share until the seller's share is zero and thereafter (in respect of paragraph (a) only) will be made to the Funding share only.

Any subsequent recoveries in respect of loans which have been subject to a set-off (as set out in paragraph (a) above) and in respect of which the seller share of the trust property or the Funding share of the trust property has been reduced or deemed reduced, will constitute revenue receipts in respect of the relevant loan(s). Such revenue receipts will belong to Funding (but only if and to the extent that the related reductions or deemed reductions were made against the Funding share of the trust property) and thereafter will belong to the seller, and to the extent received by the mortgages trustee, will be allocated accordingly.

Seller share of the trust property

The current share of the seller on each trust calculation date and on each interim trust calculation date (the **seller share**) is an amount equal to the aggregate outstanding principal balance of all the loans in the trust property as at the relevant trust calculation date or relevant interim trust calculation date, as applicable, plus any retained principal receipts (as adjusted as provided in item "G" of "**Funding share**" above) minus the Funding share as calculated on the relevant trust calculation date or relevant interim trust calculation date, as applicable.

The current share percentage of the seller (the **current seller share percentage**) in the trust property is an amount equal to:

100% – current Funding share percentage (as calculated on the relevant trust calculation date or, as the case may be, the relevant interim trust calculation date).

On any trust calculation date in respect of which an interim trust recalculation event has occurred during the immediately preceding trust calculation period, the cash manager will calculate (for the sole purpose of making the distributions to be made and allocating the losses to be applied on the immediately succeeding distribution date) the weighted average of the seller share percentage in respect of each interim trust calculation period occurring in that immediately preceding trust calculation period. The calculation will be based on the amount of the revenue receipts and the principal receipts received and the losses sustained during each of the interim trust calculation periods falling in the immediately preceding trust calculation period. The **weighted average seller share percentage** on any such trust calculation date will be equal to:

- (a) in respect of the distribution of revenue receipts to be made on the immediately succeeding distribution date (the **weighted average seller share (revenue) percentage**), 100% **minus** the then current weighted average Funding share (revenue) percentage;
- (b) in respect of the distribution of principal receipts to be made on the immediately succeeding distribution date (the **weighted average seller share (principal) percentage**), 100% **minus** the then current weighted average Funding share (principal) percentage; and
- (c) in respect of the distribution of losses to be made on the immediately succeeding distribution date (the **weighted average seller share (losses) percentage**), 100% **minus** the then current weighted average Funding share (losses) percentage.

The seller has agreed, in the mortgages trust deed, that it shall not be entitled to receive principal receipts which would reduce the seller share to an amount less than 5 per cent. of the aggregate current balance of loans in the trust property. With respect to the commitment of the seller to retain a material net economic interest in the securitisation, please see the statements set out under "**Risk retention requirements**" on page 83 of this base prospectus.

Neither the Funding share nor the seller share of the trust property may be reduced below zero.

Minimum seller share

The seller share includes an amount known as the **minimum seller share**. The relevant final terms will set out the approximate minimum seller share. The amount of the minimum seller share fluctuates depending on changes to the characteristics of the loans in the trust property. The seller is not entitled to receive principal receipts which would reduce the seller share to an amount less than the minimum seller share unless and until the Funding share is zero or an asset trigger event has occurred.

The minimum seller share will be the amount determined on each trust calculation date and each closing date (in each case, after any sale of loans to the mortgages trustee on that date) and will be an amount equal to the greater of: (i) the greater of (a) 5 per cent. of the aggregate principal amount outstanding of all Master Issuer notes, other than any Master Issuer notes that are at all times held by the seller or one or more of its wholly-owned affiliates, calculated in accordance with the U.S. Credit Risk Retention Requirements at the relevant date of determination or as otherwise permitted under the U.S. Credit Risk Retention Requirements, (b) 5 per cent. of the aggregate current balance of the loans within the trust property calculated in accordance with the UK Risk Retention Requirements, and (c) until such time when a competent EU authority has confirmed that the satisfaction of the UK Risk Retention Requirements will also satisfy the EU Risk Retention Requirements (as at such time) due to the application of an equivalency regime or similar analogous concept, 5 per cent. of the aggregate current balance of the loans within the trust property calculated in accordance with the EU Risk Retention Requirements, and (ii) the amount determined (without double-counting) pursuant to the following formula:

$$W + X + Y + Z + AA$$

where:

W = 100 per cent. of the aggregate cleared credit balances of all savings accounts opened in respect of flexible offset loans in the trust property;

X =

- (a) save where paragraph (c) below applies, if the FSCS excess amounts (as defined below) can be determined on the relevant trust calculation date or closing date, 104.4 per cent. of the aggregate of the FSCS excess amounts, or such other percentage of the aggregate of the FSCS excess amounts determined by the seller and notified to the mortgages trustee following its annual review (or, if the short-term unsecured, unguaranteed and unsubordinated debt obligations of the seller cease to have an "Issuer Default Rating" at least as high as "F1" (or its equivalent) by Fitch or "A-1" (or its equivalent) by S&P, following its quarterly review), provided that, in each case, such amount shall not be less than 104.2 per cent. of the aggregate of the FSCS excess amounts; or

- (b) save where paragraph (c) below applies, if the FSCS excess amounts cannot be determined on the relevant trust calculation date or closing date, 4.4 per cent. of the aggregate outstanding principal balance of all loans comprised in the trust property or such other percentage of the aggregate outstanding principal balance of all loans comprised in the trust property determined by the seller and notified to the mortgages trustee following its annual review (or, if the short-term unsecured, unguaranteed and unsubordinated debt obligations of the seller cease to have an "Issuer Default Rating" at least as high as "F1" (or its equivalent) by Fitch or "A-1" (or its equivalent) by S&P, following its quarterly review), provided that such amount shall not, in any case, be less than 4.2 per cent. of the aggregate outstanding principal balance of all loans comprised in the trust property; or
- (c) if the seller does not have a long term unsecured, unsubordinated and unguaranteed credit rating by Moody's of at least Baa3 (and regardless of whether the FSCS excess amounts can be determined on the relevant trust calculation date or closing date), the greater of (i) 4.4 per cent. of the aggregate outstanding principal balance of all loans comprised in the trust property and (ii) the aggregate amount of all deposits of borrowers held with the seller whose loans and their related security are held within the mortgages trust as at the date of notification to the borrowers of the assignment or assignation of the loans and their related security to the mortgages trustee pursuant to the mortgage sale agreement;

where:

FSCS excess amount means, in respect of each borrower whose total deposits with the seller exceed the FSCS limit, the total deposit account balances of that borrower with the seller minus the FSCS limit; and

FSCS limit means the then current applicable compensation limit for depositors in the UK established by the Financial Services Compensation Scheme.

- Y = the product of p, q and r where:
- p = 8.0 per cent.;
- q = the **flexible draw capacity**, being an amount equal to the excess of (a) the maximum amount that borrowers may draw under flexible loans included in the trust property (whether or not drawn) over (b) the aggregate principal balance of actual flexible loan advances made to borrowers in the trust property on the relevant trust calculation date or closing date (but excluding the initial advances made thereunder); and
- r = 3;
- Z = the aggregate sum of reductions deemed made (if any) in accordance with paragraphs (b), (c) and (d) on the relevant trust calculation date or closing date as described in "**Funding share of the trust property**"; and
- AA = the aggregate entitlement of borrowers to receive reward cashbacks and delayed cashbacks in respect of the remaining life of the reward loans in the trust property.

The purpose of **X** is to mitigate the risks relating to the loans (see "**Risk factors—There may be risks associated with the fact that the mortgages trustee has no legal title to the mortgages, which may adversely affect payments on the Master Issuer notes**"). The purpose of **Y** is to mitigate the risk of the seller failing to fund a drawing under a flexible loan. The purpose of **Z** is to mitigate the risk of the seller not repurchasing loans where the interest rate is set lower than the Santander UK SVR. The purpose of **AA** is to mitigate the risk of the seller failing to pay a reward cashback or a delayed cashback.

Cash management of trust property – revenue receipts

Under the cash management agreement, the cash manager is responsible for distributing revenue receipts on behalf of the mortgages trustee on each distribution date in accordance with the order of priority described in the following section. For further information on the role of the cash manager, see "**Cash management for the mortgages trustee and Funding**".

Mortgages trust application of revenue receipts

Mortgages trust available revenue receipts are calculated by the cash manager on each trust calculation date and are an amount equal to the sum of:

- revenue receipts on the loans (but excluding principal receipts); and
- interest payable to the mortgages trustee on the mortgages trustee GIC account and on the alternative accounts;

less

amounts due to third parties (also known as **third party amounts**) including:

- (a) payments of high loan-to-value fees due to the seller;
- (b) amounts under a direct debit which are repaid to the bank making the payment if that bank is unable to recoup that amount itself from its customer's account;
- (c) payments by borrowers of early repayment fees and other charges which are due to the seller; and/or
- (d) recoveries in respect of amounts deducted from loans as described in paragraph (a) under "**—Funding share of the trust property**" above, which will belong to and be paid to Funding and/or the seller as described therein,

which amounts may be paid daily from monies on deposit in the mortgages trustee GIC account or, as applicable, the alternative accounts.

On each distribution date, the cash manager will apply mortgages trust available revenue receipts in the following order of priority:

- (a) subject to the loss amounts applicable to Funding and the seller (see "**—Losses**"), without priority among them but in proportion to the respective amounts due, to pay amounts due to:
 - the mortgages trustee under the provisions of the mortgages trust deed; and
 - third parties from the mortgages trustee in respect of the mortgages trust but only if:
 - (i) payment is not due as a result of a breach by the mortgages trustee of the documents to which it is a party; and/or
 - (ii) payment has not already been provided for elsewhere;
- (b) in or towards satisfaction of any remuneration then due and payable to the servicer and any costs, charges, liabilities and expenses then due or to become due to the servicer under the provisions of the servicing agreement, together with VAT thereon as provided therein; and
- (c) subject to the loss amounts applicable to Funding and the seller (see "**—Losses**"), without priority among them but in proportion to the respective amounts due, to allocate and pay the remaining mortgages trust available revenue receipts to:

- Funding in an amount determined by multiplying the total amount of the remaining mortgages trust available revenue receipts by Funding's percentage share (as determined in respect of the immediately preceding trust calculation period); and
- the seller in an amount equal to the mortgages trust available revenue receipts remaining after determining Funding's share of the mortgages trust available revenue receipts,

provided that, if an interim trust recalculation event has occurred during the trust calculation period immediately preceding the relevant distribution date, then the cash manager will use the weighted average Funding share (revenue) percentage (instead of the Funding share percentage) calculated on the trust calculation date immediately preceding that distribution date in determining the amount of mortgages trust available revenue receipts to distribute to Funding; and the remaining mortgages trust available revenue receipts shall be allocated to the seller (less any amounts due to the mortgages trustee and/or Funding by way of set off pursuant to the mortgage sale agreement).

The seller's share of mortgages trustee available revenue receipts will be reduced by an amount equal to the seller loss amount (as defined below) and from such reduced amount an amount shall be allocated and paid to the mortgages trustee and/or Funding (as applicable).

In addition, on any distribution date, in the event of one or more borrowers taking or continuing the exercise an extraordinary payment holiday in respect of a loan during the trust calculation period immediately preceding the relevant distribution date:

- (a) the seller's share of mortgages trustee available revenue receipts shall be reduced by an amount equal to the extraordinary payment holiday funding amount or, if lower, an amount equal to the seller's share of mortgages trustee available revenue receipts (such amount being the extraordinary payment holiday adjustment amount) but, for the avoidance of doubt, without adjusting the seller's share of mortgages trustee available principal receipts; and
- (b) the extraordinary payment holiday adjustment amount comprising the reduction in the seller's share of mortgages trustee available revenue receipts shall be paid to Funding and Funding's share of mortgages trustee available revenue receipts shall be increased accordingly, but for the avoidance of doubt, without adjusting Funding's share of mortgages trustee available principal receipts.

Amounts due to the mortgages trustee and the servicer are inclusive of VAT. At the date of this base prospectus, VAT is calculated at the rate of 20 per cent. of the amount to be paid.

Cash management and allocation of trust property – principal receipts

Under the cash management agreement, the cash manager is also responsible for allocating and distributing principal receipts on behalf of the mortgages trustee on each distribution date in accordance with the order of priority described in the next two following sections. The cash accumulation period (as defined below) will be calculated separately for each bullet term advance. To understand how the cash manager distributes principal receipts on the loans on each distribution date you need to understand the following definitions:

anticipated cash accumulation period means the anticipated number of months required to accumulate sufficient principal receipts to pay the relevant bullet amount which is equal to:

$$\frac{J + K - L}{M \times N \times (O - P)}$$

calculated in months and rounded up to the nearest whole number, where:

- J = the relevant bullet amount (as defined later in this section);
- K = the aggregate outstanding principal balance of any bullet amount and/or scheduled amortisation amount that was not fully repaid on its scheduled repayment date, plus

any other bullet amount and/or scheduled amortisation amount the scheduled repayment date of which falls on or before the scheduled repayment date of the relevant bullet amount;

- L = the amount of any available cash already standing to the credit of the cash accumulation ledger;
- M = the principal payment rate (as defined later in this section);
- N = 0.90;
- O = the aggregate outstanding principal balance of the loans comprised in the trust property; and
- P = the principal amount outstanding of any pass-through outstanding term advance (excluding the term NR advances) which is then due and payable.

An **asset trigger event** will occur when an amount is debited to the AAA principal deficiency sub-ledger of Funding unless such debit is made when the sum of the amounts standing to the credit of the first reserve fund, the Funding liquidity reserve fund (if any) and the Funding revenue ledger together with amounts determined and due to be credited to the Funding revenue ledger prior to the interest payment date immediately following the date on which such debit is made, is greater than the amounts necessary to pay items (a) to (f) of the Funding pre-enforcement revenue priority of payments on the immediately following interest payment date after such debit is made. For more information on the principal deficiency ledger, see "**Credit structure—Principal deficiency ledger**".

cash accumulation ledger is a ledger maintained by the cash manager for Funding, which records the amount accumulated by Funding to be set aside to pay the amounts due on the relevant bullet term advances and/or, as applicable, the scheduled amortisation advances.

cash accumulation period means the period beginning on the earlier of:

- (a) the commencement of the anticipated cash accumulation period; and
- (b) four months prior to the scheduled repayment date of the relevant bullet amount,
- (c) and ending when Funding has accumulated an amount equal to the relevant bullet amount for payment to the Master Issuer (as shown on the cash accumulation ledger).

A non-asset trigger event will occur if:

- (a) an insolvency event occurs in relation to the seller;
- (b) the seller's role as servicer is terminated and a new servicer is not appointed within 60 days; or
- (c) on the trust calculation date immediately succeeding a seller share event trust calculation date, the current seller share is equal to or less than the minimum seller share (determined using the amounts of the current seller share and minimum seller share that would exist after making the distributions of the principal receipts due on the distribution date immediately following that trust calculation date on the basis that the cash manager assumes that those principal receipts are distributed in the manner described under "**—Mortgages trust allocation and distribution of principal receipts prior to the occurrence of a trigger event**").

The terms of the asset trigger event and the non-asset trigger event may be amended without your prior consent following entry by Funding into a new intercompany loan agreement. A change in these terms may affect the timing of payments on the Master Issuer notes.

payment rate date is the eighth day (or, if not a London business day, the next succeeding London business day) of each month.

payment rate period is the period from and including a payment rate date to but excluding the next payment rate date.

principal payment rate or **PPR** means the average monthly rolling principal payment rate on the loans for the 12 months immediately preceding the relevant trust calculation date, calculated on each such by:

- (a) dividing (i) the aggregate principal receipts received in relation to the loans during the immediately preceding month on such calculation date by (ii) the aggregate outstanding principal balance of the loans on the previous calculation date;
- (b) aggregating the result of the calculation in (a) above with the results of the equivalent calculation made on each of the eleven most recent calculation dates during the relevant twelve month period; and
- (c) dividing the result of the calculation in (b) above by 12.

relevant bullet amount means, in relation to a bullet term advance, the relevant bullet amount specified in the relevant final terms.

scheduled amortisation amount means, in relation to a scheduled amortisation term advance, the amount specified as the scheduled amortisation amount in the relevant final terms.

scheduled amortisation period means the period commencing on the interest payment date which falls three months prior to the scheduled repayment date of a scheduled amortisation amount or such other date set out in the relevant final terms, and which ends on the date that an amount equal to the relevant scheduled amortisation amount has been accumulated by Funding.

scheduled repayment date means, in respect of a term advance, the interest payment date(s) specified in the relevant final terms and term advance supplement for the scheduled repayment of principal.

seller share event means an event which shall occur if, on a trust calculation date, (a) the result of the calculation of the current seller share on that trust calculation date would be equal to or less than the minimum seller share for such trust calculation date (determined using the amounts of the current seller share and the minimum seller share that would exist after making the distributions of principal receipts due on the distribution date immediately following the trust calculation date on the basis that the cash manager assumes that those principal receipts are distributed in the manner described under "**Mortgages trust allocation and distribution of principal receipts prior to the occurrence of a trigger event**") and (b) the event described in (a) above has not occurred on the immediately preceding trust calculation date.

seller share event trust calculation date is a trust calculation date on which a seller share event occurs.

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

Mortgages trust allocation and distribution of principal receipts prior to the occurrence of a trigger event

Prior to the occurrence of a trigger event, the mortgages trustee will allocate and distribute or (as the case may be) retain and reinvest mortgages trust available principal receipts on each distribution date as follows:

- (a) *first*, the mortgages trust available principal receipts will be allocated and distributed to Funding in respect of the Funding share (as determined in respect of the immediately preceding trust calculation period) in an amount up to the aggregate of (i) the amounts required to replenish the first reserve fund to the extent that amounts have been drawn from the first reserve fund to make scheduled repayments of principal and (ii) to the extent that

there is a shortfall in the Funding liquidity reserve required amount, an amount equal to the shortfall;

- (b) *second*, from and including the start of a cash accumulation period, any remaining mortgages trust available principal receipts will be allocated and distributed to Funding in respect of the remaining Funding share (as determined in respect of the immediately preceding trust calculation period) after making the distributions in (a), until an amount equal to the relevant bullet amount has been or will have been accumulated by Funding, as shown on the cash accumulation ledger, as applicable;
- (c) *third*, during a scheduled amortisation period, the cash manager on behalf of the mortgages trustee shall allocate and distribute any remaining mortgages trust available principal receipts, to Funding in an amount in respect of the remaining Funding share (as determined in respect of the immediately preceding trust calculation period) after making the distributions in (a) and (b) above, in an amount up to the scheduled amortisation amount due on the relevant scheduled amortisation term advance on the immediately succeeding interest payment date;
- (d) *fourth*, pro rata and pari passu,

(i) from and including the date when amounts are or will become outstanding on the next following interest payment date in respect of one or more pass-through term advances that are due and payable (the **payable pass-through term advances**) under an intercompany loan, ignoring for these purposes the deferral of repayment of any term NR advance, any term BBB advance, any term A advance and any term AA advance, any remaining mortgages trust available principal receipts shall be allocated and distributed to Funding in respect of the Funding share (as determined in respect of the immediately preceding trust calculation period) after making the distributions in (a), (b) and (c) above, in an amount up to the aggregate of the following amounts in respect of each intercompany loan under which such payable pass-through term advances arise until all of such payable pass-through term advances are fully repaid or will on the next following interest payment date be fully repaid.

The amounts referred to above shall be determined in respect of each intercompany loan advanced by the Master Issuer or any new issuing entity to Funding which then comprises a payable pass-through term advance (**intercompany loan X**) and shall be the outstanding principal balance of each payable pass-through term advance forming part of such intercompany loan X (taking into account any amounts available to Funding in the Funding principal ledger to make such payments); and

(ii) from and including the date when amounts are or will become due on the next interest payment date in respect of the Funding loan, any remaining mortgages trustee available principal receipts shall be allocated and distributed to Funding in respect of the Funding share in an amount up to the amount which is or will become due and payable on the next following interest payment date in respect of the Funding loan; and

- (e) (i) if such trust calculation date is a seller share event trust calculation date then the cash manager shall, on behalf of the mortgages trustee, retain and reinvest the remaining balance of the mortgages trust available principal receipts (the **retained principal receipts**) by deposit in the mortgages trustee GIC account and make a corresponding credit to the principal ledger, or (ii) where such trust calculation date is not a seller share event trust calculation date, any excess mortgages trust available principal receipts shall be paid to the seller in respect of the seller share (as determined in respect of the immediately preceding trust calculation period),

provided that, in relation to items (a) to (e) above, the following rules shall apply:

- the amount of mortgages trust available principal receipts to be allocated and paid to Funding on a distribution date will be reduced by an amount equal to the aggregate of Funding available revenue receipts which are to be applied on the immediately succeeding interest payment date in reduction of deficiencies on the principal deficiency ledger to the extent that (following any such reduction) amounts falling due under items (a), (b), (c) and (d) above are still able to be paid in full; and

- the amount of mortgages trust available principal receipts to be allocated and paid to Funding on a distribution date immediately preceding an interest payment date will be increased by an amount equal to the lesser of (A) the Funding income deficit that would otherwise arise on such interest payment date after the application of Funding available principal receipts and (B) the aggregate principal amount outstanding of all NR term advances less the balance of the NR principal deficiency sub-ledger at such date (such amount, the **Funding revenue deficit cure amount**).

Notwithstanding the foregoing, if an interim trust recalculation event has occurred during the trust calculation period immediately preceding such distribution date, the cash manager on behalf of the mortgages trustee shall apply all principal receipts by way of allocation and payment between and to the beneficiaries according to the weighted average Funding share (principal) percentage and the weighted average seller share (principal) percentage calculated on the trust calculation date immediately preceding that distribution date, until the Funding share is zero.

If Funding borrows new intercompany loans, then the terms of the mortgages trust, including the provisions regarding the way in which the mortgages trustee distributes principal receipts, may change.

Mortgages trust allocation and distribution of principal receipts and retained principal receipts after the occurrence of a trigger event

On each distribution date after the occurrence of an asset trigger event, all principal receipts plus an amount equal to the current retained principal receipts (if any) will be allocated and distributed by the cash manager, on behalf of the mortgages trustee, as follows:

- (a) if the immediately preceding trust calculation date was a seller share event trust calculation date, an amount equal to the retained principal receipts to Funding until the Funding share is zero; and then
- (b) with no order of priority between them but in proportion to the respective amounts due, to Funding and the seller according to the Funding share percentage of the trust property and the seller share percentage of the trust property respectively, until the Funding share is zero.

Notwithstanding the foregoing, if an interim trust recalculation event has occurred during the trust calculation period immediately preceding such distribution date, the cash manager on behalf of the mortgages trustee shall apply all principal receipts by way of allocation and payment between and to the beneficiaries according to the weighted average Funding share (principal) percentage and the weighted average seller share (principal) percentage calculated on the trust calculation date immediately preceding that distribution date, until the Funding share is zero.

When the Funding share is zero, the remaining principal receipts (if any) will be allocated to the seller.

On each distribution date after the occurrence of a non-asset trigger event but prior to the occurrence of an asset trigger event, all mortgages trust available principal receipts will be allocated and paid to Funding until the Funding share is zero.

Following the occurrence of a non-asset trigger event but prior to the occurrence of an asset trigger event, the Master Issuer notes will be subject to prepayment risk (that is, they may be repaid earlier than expected). Following the occurrence of an asset trigger event, the class A notes may not be repaid in full by their respective final maturity dates. See "**Risk factors—The yield to maturity of the Master Issuer notes may be adversely affected by prepayments or redemptions on the loans**".

Losses

All losses arising on the loans are applied in reducing proportionately the Funding share and the seller share. Funding's share and the seller's share of the losses are determined by multiplying the amount of losses during a trust calculation period by the Funding share percentage (as calculated on the immediately preceding relevant trust calculation date), which are allocated to Funding (until the Funding share is zero), and the remainder, which are allocated to the seller (the **seller loss amount**), on the next following distribution date. If an interim trust recalculation event has occurred during a trust calculation period then the amount of losses shall be multiplied by the weighted average Funding share (losses) percentage calculated on the trust calculation date immediately preceding that distribution date, rather than the current Funding share

percentages, the product of which shall be allocated to Funding (until the Funding share is zero), and the remainder of such losses shall be allocated to the seller.

In the event that any sums are recovered from a borrower in respect of which a loss has been recorded on the losses ledger (other than in the event that such recovery occurs subsequent to completion of enforcement procedures), save as otherwise provided, they belong to Funding and the seller on a separate trust but in the same proportions as the seller share percentage and Funding share percentage applying as at the closing date or, in respect of any later trust calculation periods, in the same proportion as the seller share percentage and the funding share percentage applying on the date immediately following the date on which any previous recoveries of losses were paid to Funding and the seller. Such recoveries shall be paid to Funding and the seller as soon as reasonably practicable.

If a recovery is made on a loan after Funding has discharged all its obligations to all of its secured creditors (including to the Master Issuer under the master intercompany loan agreement), then the sums recovered shall be held by the mortgages trustee for the benefit of the seller only. No income shall arise or accrue on such recoveries.

Disposal of trust property

The trust property is held on trust for the benefit of Funding and the seller. Subject to the terms of the mortgages trust deed, the mortgages trustee is not entitled to dispose of the trust property or create any security interest over the trust property.

If an event of default occurs under any intercompany loan agreement (an **intercompany loan event of default**) and the security trustee enforces the security granted by Funding over its assets, including its interest in the trust property, then the security trustee is entitled, among other things, to sell Funding's interest in the trust property. For further information on the security granted by Funding over its assets, see "**Security for Funding's obligations**".

Additions to the trust property

The trust property may be increased from time to time by the assignment of new loans and their related security to the mortgages trustee. The mortgages trustee will hold the new loans and their related security on trust for Funding and the seller according to the terms of the mortgages trust deed. For further information on the assignment of new loans and their related security to the mortgages trustee, see "**Assignment of the loans and their related security**".

Acquisition by Funding of an increased interest in the trust property

On not more than 60 nor less than 30 days' written notice, Funding may offer to make a payment to the seller in consideration for an increase in Funding's share on the relevant distribution date specified in that notice, with the effect that Funding's share shall increase and the seller's share shall correspondingly decrease. Funding is permitted to do this only if a number of conditions are met, including:

- no note event of default and no intercompany loan event of default has occurred under any intercompany loan agreement that has not been remedied or waived;
- as at the most recent interest payment date, no deficiency is recorded on Funding's principal deficiency ledger (other than on the NR principal deficiency sub-ledger and/or on the Funding loan principal deficiency sub ledger, as the case may be) (which remains outstanding);
- the security trustee is not aware that the increase in the Funding share (or the corresponding decrease in the seller share) would adversely affect the then current ratings by the rating agencies of the outstanding Master Issuer rated notes;
- the aggregate outstanding principal balance of loans comprised in the trust property, in respect of which the aggregate amount in arrears is more than three times the monthly payment then due, is less than 4 per cent. of the aggregate outstanding principal balance of all loans comprised in the trust property;

- unless otherwise agreed by Moody's, S&P or Fitch, as the case may be, the short-term, unsecured, unguaranteed and unsubordinated debt obligations of the seller are rated at least P-2 by Moody's and A-2 by S&P and its short-term "issuer default rating" is at least F2 by Fitch at the time of, and immediately following, the payment made by Funding on the relevant distribution date;
- the product of the weighted average repossession frequency (WAFF) and the weighted average loss severity (WALS) for the loans constituting the trust property calculated on the immediately preceding trust calculation date in accordance with S&P's methodology does not exceed the product of the WAFF and WALS for the loans comprised in the trust property calculated on the most recent previous closing date, plus 0.25 per cent;
- the Moody's portfolio variation test of the loans in the portfolio as calculated on the immediately preceding trust calculation date, does not exceed the most recently determined Moody's portfolio variation test value as calculated in relation to the loans in the portfolio as at the most recent date on which Moody's performed a full pool analysis on the portfolio (not to be less frequent than annually) plus 0.3 per cent.; and
- the first reserve fund has not been debited on or before the relevant distribution date for the purposes of curing a principal deficiency in respect of the term advances in circumstances where the first reserve fund has not been replenished by a corresponding amount by the relevant distribution date.

Acquisition by the seller of a further interest in the trust property relating to capitalised interest

If a borrower takes a payment holiday or makes an underpayment in respect of interest pursuant to the terms of a flexible loan, then the outstanding principal balance of the flexible loan will increase by, in the case of a payment holiday, the amount of interest that would have been paid on the relevant loan if not for such payment holiday and, in the case of an underpayment, the excess of the amount of interest that would have been paid on the relevant loan if not for such underpayment over the reduced amount of interest paid by the borrower (in each case, the **capitalised interest**).

The increase in the loan balance as a result of capitalised interest (other than capitalised interest in respect of any loan that is subject to an extraordinary payment holiday), capitalised expenses and capitalised arrears will be allocated to the Funding share and to the seller share, based on their respective share percentages as calculated on the previous trust calculation date, or if one or more interim trust recalculation events have occurred during the trust calculation period immediately preceding such trust calculation date, based on (respectively) the weighted average funding share (principal) percentage and the weighted average seller share (principal) percentage calculated on such trust calculation date.

Prior to an insolvency event occurring in respect of the seller, on each distribution date:

- (a) the seller will make a cash payment to Funding in an amount equal to Funding's share of the capitalised arrears, capitalised expenses and capitalised interest (other than capitalised interest in respect of any loan that is subject to an extraordinary payment holiday) in respect of those loans that are subject to payment holidays (other than extraordinary payment holidays) or underpayments and/or a borrower making drawings under flexible loans allocated to Funding arising during the trust calculation period immediately preceding the current distribution date in respect of those loans that are subject to payment holidays (other than extraordinary payment holidays). On the trust calculation date, or if applicable, the interim trust calculation date following such distribution date, and in consideration for making such payment:
 - the seller share will increase by an amount equal to the amount paid to Funding for Funding's share of the capitalised arrears, capitalised expenses, capitalised interest (other than capitalised interest in respect of any loan that is subject to an extraordinary payment holiday), and Funding's share will decrease by a corresponding amount; and
 - Funding will apply the proceeds of the amount paid by the seller in accordance with the Funding pre-enforcement revenue priority of payments and, after enforcement of

the Funding security, in accordance with the Funding post enforcement priority of payments; and

- (b) the seller will make a cash payment to Funding in an amount equal to that part of any extraordinary payment holiday shortfall amount that has been capitalised during the trust calculation period immediately preceding the current distribution date. In consideration for the making of such payment and the payment by the seller of any extraordinary payment holiday adjustment amount pursuant to clause 10.4 of the mortgages trust deed, the seller share will increase by an amount equal to any capitalised interest arising during the immediately preceding trust calculation period in respect of those loans that are subject to extraordinary payment holidays and the seller share percentage shall be adjusted accordingly.

If an insolvency event occurs in respect of the seller, then the seller may acquire from Funding in respect of any extraordinary payment holiday shortfall amount and/or its share of the capitalised interest in the same manner and for the same purpose described above, but it is not obliged to do so.

Refinancing contributions

If the seller offers to make a payment to Funding of an amount outstanding, in full or in part, under any term advance that forms part of an intercompany loan or the Funding loan (a **refinancing contribution**), then Funding may accept that offer but only if:

- Funding would receive the payment on a distribution date; and
- the Master Issuer has confirmed to Funding that the proceeds of the corresponding payment made by Funding to the Master Issuer would be applied to repay the corresponding amount of the relevant intercompany loan or the Funding loan (as the case may be) and the relevant Master Issuer has exercised one of its rights to prepay the corresponding amount of the relevant series of notes in these circumstances.

The Funding share would decrease by an amount equal to the refinancing contribution made by the seller and the seller share would increase by a corresponding amount.

Termination of mortgages trust

The mortgages trust will terminate on the earlier of:

- the date on which all amounts due from Funding under all the intercompany loan agreements have been repaid in full; and
- any other date agreed in writing by Funding and the seller.

Retirement of mortgages trustee

The mortgages trustee is not entitled to retire or otherwise terminate its appointment. The seller and Funding covenant not to replace the mortgages trustee.

Governing law

The mortgages trust deed (and any non-contractual obligations arising out of or in connection with it) is governed by English law.

THE MASTER INTERCOMPANY LOAN AGREEMENT

The following section contains a summary of the material terms of the master intercompany loan agreement. The summary does not purport to be complete and is subject to the provisions of the master intercompany loan agreement.

The facility

Pursuant to the terms of the master intercompany loan agreement, the Master Issuer will lend to Funding from time to time on the relevant closing date for each issue an aggregate amount in sterling equal to the proceeds of the issue of such Master Issuer notes.

For the purposes of this base prospectus, each such advance of funds will be divided into separate term advances which together shall constitute an intercompany loan under the master intercompany loan agreement. Each intercompany loan will be divided into one or more term advances. Each such term advance under the master intercompany loan agreement will relate to a particular series and class (or sub-class) of Master Issuer notes. The intercompany loan relating to the particular issue being issued on the relevant closing date of the relevant final terms is referred to as the current intercompany loan. The term advance supplement to the master intercompany loan agreement will contain the terms of each term advance. Funding will use the proceeds of each term advance under the master intercompany loan agreement to:

- (a) pay the seller part of the consideration for loans (together with their related security) sold by the seller to the mortgages trustee in connection with the relevant issue by the Master Issuer and the making of the relevant term advances to Funding, which will result in an increase in the amount of the trust property and a corresponding adjustment to the value of the Funding share of the trust property and the value of the seller share of the trust property;
- (b) acquire part of the seller's share of the trust property (such payment to be made to the seller which will result in a corresponding decrease of the seller's share of the trust property and a corresponding increase in Funding's share of the trust property);
- (c) fund or replenish the first reserve fund; and/or
- (d) make a payment to the Master Issuer or to a new issuing entity to refinance a previous term advance, a current term advance or a new term advance (in whole or in part).

Ratings designations of the term advances

The AAA term advances reflect the ratings expected to be assigned to the corresponding class A notes by the rating agencies on the relevant closing date, except that AAA term advances may correspond to money market notes rated at least A-1+/P-1/F-1+. The AA term advances reflect the rating expected to be assigned to the class B notes by the rating agencies on the relevant closing date. The A term advances reflect the rating expected to be assigned to the class M notes by the rating agencies on the relevant closing date. The BBB term advances reflect the rating expected to be assigned to the class C notes by the rating agencies on the relevant closing date. The NR term advances reflect the fact that the rating agencies are not expected to assign a rating to the class Z notes on the relevant closing date. If, after any closing date, the rating agencies subsequently change the ratings assigned to a series and class (or sub-class) of the Master Issuer rated notes, then this will not affect the designated ratings of the term advances under the master intercompany loan.

Conditions to drawdown

The Master Issuer may make new term advances to Funding and issue corresponding series and classes (or sub-classes) of Master Issuer notes from time to time without obtaining the consent of existing noteholders. The Master Issuer will not be obliged to make the new term advances available to Funding unless the Master Issuer security trustee is satisfied on the relevant closing date that a number of conditions have been met, including:

- that the corresponding series and class (or sub-class) of Master Issuer notes have (or, in the case of a new NR VFN term advance, the related class Z variable funding note has) been issued and the proceeds have been received by or on behalf of the Master Issuer;
- that Funding has delivered a certificate certifying that it is solvent;
- that each of the transaction documents has been duly executed by the relevant parties to them;
- the Master Issuer has confirmed that no note event of default has occurred and is continuing unremedied or unwaived or would result from such drawings; and
- except in the case of an NR VFN term advance, one or more deeds of accession relating to the Funding deed of charge have been executed by the parties to the Funding deed of charge.

Representations and agreements

Funding will make several representations to the Master Issuer in the master intercompany loan agreement including representations that Funding has been duly incorporated and that it has the requisite corporate power and authority to enter into the transaction documents to which it is a party.

In addition, Funding will agree that:

- it will not create or permit to subsist any encumbrance, unless arising by operation of law, or other security interest over any of its assets other than pursuant to the transaction documents;
- it will not carry on any business or engage in any activity whatsoever which is not incidental to or necessary in connection with any of the activities in which the transaction documents provide or envisage that Funding will engage;
- it will not have any subsidiaries, any subsidiary undertakings, both as defined in the Companies Act 2006 as amended, or any employees or premises;
- it will not transfer, sell, lend, part with or otherwise dispose of all or any of its assets, properties or undertakings or any interest, estate, right, title or benefit therein other than as contemplated in the transaction documents;
- it will not pay any dividend or make any other distribution to its shareholders, other than in accordance with the Funding deed of charge, and it will not issue any new shares;
- it will not incur any indebtedness in respect of any borrowed money or give any guarantee in respect of any indebtedness or of any obligation of any person whatsoever other than indebtedness contemplated by the transaction documents; and
- it will not enter into any amalgamation, demerger, merger or reconstruction, nor acquire any assets or business nor make any investments other than as contemplated in the transaction documents.

Payments of interest

The interest rate applicable to the term advances made under the master intercompany loan from time to time will be determined (other than, in each case, in respect of the first period) by reference to SONIA, plus or minus a margin which may differ for each separate term advance. An additional margin may apply to a term advance equal to the NIRM amount (if any) payable under the relevant Master Issuer swap agreement (in circumstances where the sum of the relevant base rate and the relevant spread under that Master Issuer swap agreement is a negative rate). The relevant final terms sets out details of the interest payment dates and payment of interest on the term advances under the intercompany loan relating to the series and class (or sub-class) of Master Issuer notes issued.

In addition, Funding will agree to pay an additional fee to the Master Issuer on each interest payment date or otherwise when required. The fee on each interest payment date will be equal to the amount needed by the Master Issuer to pay or provide for other amounts falling due, if any, to be paid to its creditors (other

than amounts of interest and principal due on the Master Issuer notes and tax that can be met out of the Master Issuer's profits) and a sum (in amount equal to £1,250) to be retained by the Master Issuer as profit. The fee will be paid by Funding out of the Funding available revenue receipts.

If, in the funding interest period immediately preceding a funding interest payment date, there has been a further advance in respect of an NR VFN term advance, the interest amount for that NR VFN term advance will be determined as the sum of (a) the interest determined to be payable on the outstanding principal amount at the beginning of the funding interest period, plus (b) the interest determined to be payable in respect of the amount of the relevant further advance corresponding to the relevant increase amount from the increase date. The rate of interest payable in respect of any increase amount made on an increase date which is not a funding interest payment date will be the same as that which would be determined immediately prior to the increase date (or such other rate specified in the applicable supplement).

Repayment of principal on the term advances

The term advances under the master intercompany loan agreement will be repaid on the dates and in the priorities described in "**Cashflows—Distribution of Funding available principal receipts prior to enforcement of the Funding security or the occurrence of a trigger event or enforcement of the Master Issuer security**".

Deferral of payments on NR term advances, BBB term advances, A term advances and AA term advances when losses are recorded on respective principal deficiency ledgers and in other circumstances

If:

- a principal loss has been recorded on the principal deficiency ledger in respect of any of the BBB term advances, the A term advances or the AA term advances (whether in respect of a term advance under any previous intercompany loan, the current intercompany loan or any new intercompany loan); or
- monies standing to the credit of the first reserve fund have been used, on or prior to the relevant interest payment date, to cure a principal deficiency in respect of the BBB term advances and/or the A term advances and/or the AA term advances (whether in respect of a term advance under any previous intercompany loan, the current intercompany loan or any new intercompany loan), and the first reserve fund has not been replenished by a corresponding amount on the relevant interest payment date; or
- as at the relevant interest payment date, the total outstanding principal balance of loans in the mortgages trust, in respect of which the aggregate amount in arrears is more than three times the monthly payment then due, is more than 5 per cent. of the total outstanding principal balance of loans in the mortgages trust,

then the NR term advances, the BBB term advances, the A term advances, and, as applicable, the AA term advances will not be entitled to principal repayments (i) until the relevant circumstance as described in the preceding bulleted list has been cured or otherwise ceases to exist; or (ii) unless no AAA term advances are outstanding.

Limited recourse

Funding will only be obliged to pay amounts to the Master Issuer in respect of any term advance under the master intercompany loan agreement to the extent that it has funds to do so after making payments ranking in priority to amounts due on the term advances.

If, on the final repayment date of a term advance under the master intercompany loan, there is a shortfall between the amount of interest and/or principal due on that term advance and the amount available to Funding to make that payment, then that shortfall shall not be due and payable to the Master Issuer until the time (if ever) when Funding has enough money available to pay the shortfall on that term advance (after making any other payments due that rank higher in priority to that term advance).

If, on the final repayment date of an intercompany loan there is a shortfall between the amount required to pay all outstanding interest and/or principal on the AA term advances, and/or the A term advances and/or the BBB term advances and/or the NR term advances constituting that intercompany loan and the amount available to Funding to make the relevant payments, then the shortfall shall be deemed to be not due and payable under the relevant intercompany loan and any claim that the Master Issuer may have against Funding in respect of that shortfall will be extinguished.

Master intercompany loan consideration

Funding will be entitled to receive, as consideration for entering into the master intercompany loan agreement, amounts from time to time equal to the amounts received or recovered and available at item (k) of the Master Issuer pre-enforcement revenue priority of payments, if any.

Master intercompany loan events of default

The master intercompany loan agreement contains events of default (each a **master intercompany loan event of default**), which include, among others, the following events:

- a default by Funding for a period of three London business days in the payment of any amount payable under any intercompany loan agreement (whether the master intercompany loan agreement or any new intercompany loan agreement) (but subject to the limited recourse provisions described later in this section and in "**—Limited recourse**");
- Funding does not comply in any material respect with its obligations under the transaction documents (other than non-payment as set out in the preceding paragraph) and that non-compliance, if capable of remedy, is not remedied promptly and in any event within twenty London business days of Funding becoming aware of its non-compliance or of receipt of notice from the security trustee requiring Funding's non-compliance to be remedied; and
- insolvency related events occur in relation to Funding or it is, or becomes, unlawful for Funding to perform its obligations under any of the transaction documents.

Investors should note that, as described in "**—Limited recourse**", it will not be an event of default under an intercompany loan agreement (whether the master intercompany loan agreement or any new intercompany loan agreement) if default is made by Funding in paying amounts due under the intercompany loan agreement where Funding does not have the money available to make the relevant payment. The ability of the Master Issuer to repay each series and class (or sub-class) of Master Issuer notes will depend upon payments to the Master Issuer from Funding under the corresponding term advances pursuant to the master intercompany loan agreement. See "**Risk factors—Failure by Funding to meet its obligations under the master intercompany loan agreement would adversely affect payments on the Master Issuer notes**".

Investors should also note that an event of default by Funding in respect of any intercompany loan or any agreement entered into by Funding in connection with that intercompany loan, will constitute an event of default under the current intercompany loan.

If a master intercompany loan event of default occurs, then the security trustee will be entitled to deliver a notice to Funding stating that a master intercompany loan event of default has occurred (a **master intercompany loan enforcement notice**). Upon the service of a master intercompany loan enforcement notice, the security trustee may direct that the term advances become immediately due and payable and/or that the term advances become due and payable on the demand of the security trustee.

Changes to the interest payment dates and interest periods

Funding or the cash manager may, at their election, require the note trustee to give its consent (or direct the Master Issuer security trustee to give its consent) to such modifications that are required to accommodate, *inter alia*, different interest payment dates and/or interest periods for any Master Issuer notes to be issued by the Master Issuer and/or different interest payment dates and/or interest periods in respect of any outstanding Master Issuer term advances under the master intercompany loan agreement. The proceeds from such Master Issuer notes would be used by the Master Issuer to make term advances to Funding, the interest payment dates and interest periods for which would correspond to the interest payment dates and interest period for such Master Issuer notes. In addition, Funding may, at its election, modify the interest payment dates and interest periods in respect of any outstanding Master Issuer term advances. In either case, Funding available principal receipts and Funding available revenue receipts may be distributed to Funding at such times as to enable Funding to meet its obligations under the master intercompany loan agreement as they fall due. See **“Cashflows—Modifications to the distribution of Funding available principal receipts and Funding available revenue receipts”**.

New intercompany loan agreements with new issuing entities

New issuing entities may be established by Holdings for the purpose of issuing new notes to investors and using the proceeds thereof to make new intercompany loans to Funding (or any new funding entity). The issuance of new notes by a new issuing entity and the making of the related new intercompany loan will only be permitted if certain conditions are satisfied, including, among others, that the then current ratings of the Master Issuer rated notes outstanding at that time will not, as a result of the new issuing entity issuing any new notes, be adversely affected.

See **“Risk factors—If Funding enters into new intercompany loan agreements with new issuing entities, then the new term advances may rank ahead of the current term advances as to payment, and accordingly new notes may rank ahead of the Master Issuer notes as to payment”, “—New issuing entities and new start-up loan providers will share in the same security granted by Funding to the Master Issuer, and this may adversely affect payments on the Master Issuer notes”, and “—The Funding swap provider and the start-up loan provider already share in the security being granted by Funding to the Master Issuer, which may adversely affect payments on the Master Issuer notes”**.

THE FUNDING LOAN AGREEMENT

The Funding loan provider granted to Funding an uncommitted sterling loan facility in an aggregate maximum amount of up to £1,000,000,000 under the Funding loan agreement. Either the security trustee or the cash manager may place an irrevocable request for an advance under the Funding loan upon satisfaction of certain conditions set forth in the Funding loan agreement. Funds advanced under the Funding loan must be used by Funding to make a contribution to the mortgages trust thereby increasing the Funding share. It is a condition for making a deposit in the Santander A-2/P-2/F2 account under the panel bank guidelines that the Funding loan has been drawn in an amount at least equal to the amount deposited in such account.

Interest will accrue on the outstanding balance of the Funding loan at a rate set forth in the Funding loan agreement. The repayment of the Funding loan is subordinated to all other payments or provisions ranking in priority to payments to be made to the Funding loan provider in accordance with the terms of the Funding loan agreement and the Funding deed of charge. Payments of both principal and interest on the Funding loan will be payable, without priority among them but in proportion to the respective amounts due, with amounts due under the NR term advance as set forth in the relevant Funding priority of payments.

The final repayment date for any Funding loan outstanding will be the date of repayment of the last maturing term advance. The Funding loan is prepayable on each interest payment date. The maximum amount that may be prepaid is an amount equal to the lower of (i) the Funding loan prepayable amount and (ii) the higher of (x) the potential seller principal distribution amount and (y) any contribution made by the seller for the purposes of making such prepayment. The cash manager is not required to prepay the Funding loan if it considers, based on reasonable grounds, that amounts may be deposited in the future into the Santander A-2/P-2/F2 account.

The Funding loan is a limited recourse loan. Therefore, if, when amounts in respect of the Funding loan become due and payable under the Funding loan agreement, Funding has insufficient funds available to meet its obligations in full, the obligation of Funding to pay the shortfall under the Funding loan agreement (together with any amounts falling due and payable thereafter) shall be limited to the available funds acquired subsequently by Funding together with the proceeds of the enforcement of the Funding security (as the case may be) in accordance with the terms of the Funding loan agreement and the Funding deed of charge.

A Funding loan principal deficiency sub-ledger of the principal deficiency ledger has been opened and is maintained by the cash manager in respect of the Funding loan. The Funding loan principal deficiency sub-ledger records losses allocated to Funding (which reduce the Funding share of the trust property) against the Funding loan.

Governing law

The Funding loan agreement (and any non-contractual obligations arising out of or in connection with the Funding loan agreement) is governed by English law.

THE EXTRAORDINARY PAYMENT HOLIDAY START-UP LOAN AGREEMENT

On each interest payment date whilst an extraordinary payment holiday has been granted to a borrower, the seller may lend to Funding extraordinary payment holiday start-up loans in an aggregate amount not to exceed the amounts of the unpaid interest relating to the extraordinary payment holidays. If the conditions set out in the extraordinary payment holiday start-up loan agreement have been met, the seller may (but shall not be obliged to) make advances available to Funding.

Funding may request an advance in an amount equal to the lower of (i) the maximum advance amount (being the aggregate of all extraordinary payment holiday amounts in respect of affected borrowers) and (b) any shortfall in the amount of the Funding available revenue receipts (if such advance were excluded) required to pay or provide for the amounts in paragraphs (a) to (t) (inclusive) of the Funding pre-enforcement revenue priority of payments.

Funding is required to use each advance as Funding available revenue receipts to be applied towards making the payments and provisions referred to in paragraphs (a) to (t) (inclusive) of the Funding pre-enforcement revenue priority of payments.

Interest shall accrue on the daily outstanding balance of the extraordinary payment holiday start-up loan and any interest capitalised at a rate of compounded daily SONIA plus 0.90 per cent. per annum and will be payable in arrear on each interest payment date. Interest shall be calculated by reference to each interest period on the basis of the actual number of days elapsed and a 365 day year or, in the case of an interest payment date falling in a leap year, 366. Any interest accrued in respect of an interest period but not paid on the interest payment date relating thereto shall be capitalised forthwith.

Funding will make repayments toward the extraordinary payment holiday start-up loan (and any capitalised interest) on each interest payment date, *pro rata* and *pari passu* with any amounts in respect of any Funding loan amounts due from Funding under the existing notes redemption reserve loan agreement, if, and to the extent that, there are Funding available revenue receipts available therefor after making the payments and provisions referred to in paragraphs (a) to (t) (inclusive) of the Funding pre-enforcement revenue priority of payments (which includes payments due in respect of senior expenses as well as interest on the Master Issuer notes), until the extraordinary payment holiday start-up loan (and any capitalised interest) has been fully repaid.

The extraordinary payment holiday start-up loan agreement and any non-contractual obligations arising out of or in connection with it are governed by, and shall be construed in accordance with, the laws of England.

The extraordinary payment holiday start-up loan ledger has been opened and is maintained by the cash manager, which records each advance under, and all payments of interest and repayments of principal in respect of, the extraordinary payment holiday start-up loan.

SECURITY FOR FUNDING'S OBLIGATIONS

Funding has granted security for its obligations under the master intercompany loan agreement (and the other transaction documents to which it is a party) by entering into the Funding deed of charge with the security trustee, the cash manager, the account banks, the seller, the corporate services provider, the Funding swap provider, the start-up loan provider and the Funding loan provider. The Master Issuer has entered into a deed of accession to the Funding deed of charge which means that it shares in the security granted by Funding under the Funding deed of charge. In addition, if Funding enters into new intercompany loan agreements with new issuing entities, then the new issuing entities (together with any new start-up loan providers), will enter into deeds of accession in relation to the Funding deed of charge. This means that they will also share in the security granted by Funding under the Funding deed of charge with the existing Funding secured creditors.

The Funding deed of charge has seven primary functions:

- it sets out the covenants of Funding;
- it creates security in favour of the security trustee which the security trustee then administers on trust for each of the Funding secured creditors (including secured creditors that accede to the Funding deed of charge in connection with new term advances made by the Master Issuer or by a new issuing entity under a new intercompany loan);
- it sets out the order in which the cash manager applies money received by Funding prior to enforcement of the security;
- it sets out the enforcement procedures relating to a default by Funding on its covenants under the transaction documents (including provisions relating to the appointment of a receiver);
- it sets out the order in which the security trustee applies money received by Funding following the enforcement of the security;
- it sets out the appointment of the security trustee, its powers and responsibilities and the limitations on those responsibilities; and
- it sets out how new creditors of Funding can accede to the terms of the Funding deed of charge.

The following section contains a summary of the material terms of the Funding deed of charge. The summary does not purport to be complete and is subject to the provisions of the Funding deed of charge.

Covenants of Funding

The Funding deed of charge contains covenants made by Funding in favour of the security trustee on trust for the benefit of itself, any receiver of Funding and the other Funding secured creditors. The main covenants are that Funding will pay all amounts due to each of the Funding secured creditors as they become due (subject to the limited recourse provisions) and that it will comply with its other obligations under the transaction documents to which it is or will be a party.

Funding security

Under the Funding deed of charge, Funding creates the following security (also known as the **Funding security**) for and on behalf of the Funding secured creditors in respect of its obligations under the intercompany loans outstanding at any one time and the other transaction documents to which it is or will be a party:

- a first ranking fixed charge (which may take effect as a floating charge) over the Funding share of the trust property;

- an assignment by way of first ranking fixed security of all of its rights and interest in the transaction documents to which Funding is a party from time to time;
- a charge by way of first fixed charge (which may take effect as a floating charge) of the rights and benefits of Funding in the Funding GIC account, the Funding transaction account, all amounts standing to the credit of those accounts and all authorised investments purchased from those accounts;
- with regard to all of Funding's assets located in England and Wales or governed by English law, a first ranking floating charge over all the assets and the undertaking of Funding not otherwise secured by any fixed charge detailed here; and
- with regard to all of Funding's assets located in Scotland or governed by Scots law, a first ranking floating charge.

Nature of security – fixed charge

Funding may not deal with those of its assets which are subject to a fixed charge without the consent of the security trustee. Accordingly, Funding is not permitted to deal with the assets which are expressed to be subject to a fixed charge in its ordinary course of business. In this way, the security is said to "fix" over those assets which are expressed to be subject to a fixed charge (being the charges described in the first three bullet points in this section).

Nature of security – floating charge

Unlike the fixed charges, the floating charge does not attach to specific assets but instead "floats" over a class of assets which may change from time to time, allowing Funding to deal with those assets and to give third parties title to those assets free from any encumbrance in the event of sale, discharge or modification, provided those dealings and transfers of title are in the ordinary course of Funding's business. Any of Funding's assets, whether currently held or acquired after the relevant closing date (including assets acquired as a result of the disposition of any other asset of Funding), which are not subject to the fixed charges mentioned in this section and all of its Scottish assets are subject to the floating charge.

The Funding deed of charge was created prior to 15 September 2003. Accordingly, the prohibition in section 72A of the Insolvency Act on the appointment of an administrative receiver under floating charges created after that date will not apply to any appointment made pursuant to the Funding deed of charge.

The existence of the floating charge allows the security trustee to appoint an administrative receiver of Funding and thereby prevent the appointment of an administrator or receiver of Funding by one of Funding's other creditors. Therefore, in the event that enforcement proceedings are commenced in respect of amounts due and owing by Funding, the security trustee will always be able to control those proceedings in the best interests of the Funding secured creditors. However, see "**Risk factors—Changes of law may adversely affect your interests**" relating to potential prohibition on appointment of administrative receivers.

The interest of the Funding secured creditors in property and assets over which there is a floating charge only will rank behind the expenses of any liquidation or any administration and the claims of certain other preferential creditors (including, from 1 December 2020 by operation of the Insolvency Act 1986 (HMRC Debts: Priority on Insolvency) Regulations 2020, the UK tax authorities in respect of VAT, PAYE and certain other liabilities) on enforcement of the Funding security. Section 176A of the Insolvency Act (as inserted by Section 251 of the Enterprise Act) also requires a "**prescribed part**" (up to a maximum amount of £800,000) of the floating charge realisations available for distribution to be set aside to satisfy the claims of unsecured creditors. This means that the fees and expenses of any administration and preferential creditors will be paid out of the proceeds of enforcement of the floating charge ahead of amounts due to the Master Issuer under the master intercompany loan agreement. Again, see "**Risk factors—Changes of law may adversely affect your interests**" relating to the introduction of enhanced rights for unsecured creditors in respect of floating charge recoveries.

The floating charge created by the Funding deed of charge may **crystallise** and become a fixed charge over the relevant class of assets owned by Funding at the time of crystallisation. Crystallisation will occur automatically following the occurrence of specific events set out in the Funding deed of charge, including,

among other events, notice to Funding from the security trustee following an intercompany loan event of default except in relation to Funding's Scottish assets, where crystallisation will occur on the appointment of an administrative receiver or upon the commencement of the winding up of Funding. A crystallised floating charge will rank ahead of the claims of unsecured creditors but will continue to rank behind the claims of preferential creditors (as referred to in this section) on enforcement of the Funding security.

Funding pre-enforcement priority of payments

The Funding deed of charge sets out the order of priority of distribution by the cash manager, as at the closing date and prior to the enforcement of the Funding security, of amounts standing to the credit of the Funding transaction account on each interest payment date. This order of priority is described in "**Cashflows—Distribution of Funding available revenue receipts**" and "**Cashflows—Distribution of Funding available principal receipts prior to enforcement of the Funding Security or the occurrence of a trigger event or enforcement of the Master Issuer security**".

Following the creation of new intercompany loan agreements with new issuing entities

If any new issuing entities are established to issue new notes and accordingly to make new term advances to Funding, such new issuing entities (together with any new start-up loan providers) will enter into deeds of accession or supplemental deeds in relation to the Funding deed of charge which may, depending on the type of new notes to be issued, require amendments, among other things, to the Funding pre-enforcement revenue priority of payments, the Funding pre-enforcement principal priority of payments and the Funding post enforcement priority of payments to reflect the amounts due to the new issuing entity and any new start-up loan provider. The ranking of those new amounts due will be as follows:

- subject to the rules regarding the application of principal receipts by Funding (see "**Cashflows—Distribution of Funding available principal receipts prior to enforcement of the Funding Security or the occurrence of a trigger event or enforcement of the Master Issuer security—Rules for application of Funding available principal receipts and Funding principal receipts**"), all amounts due and payable to the Master Issuer and any new issuing entity will be paid, subject to their relevant repayment dates, in descending order of the respective ratings of their term advances so the term advance with the highest term advance rating will be paid first and the term advance with the lowest term advance rating will be paid last; and
- all start-up loan providers will rank in no order of priority between them but in proportion to the respective amounts due to them.

Enforcement

The Funding deed of charge sets out the general procedures by which the security trustee may take steps to enforce the security created by Funding so that the security trustee can protect the interests of each of the Funding secured creditors.

The Funding deed of charge requires the security trustee to consider the interests of each of the Funding secured creditors as to the exercise of its powers, trusts, authorities, duties and discretions, but requires the security trustee in the event of a conflict between the interests of the Master Issuer and any new issuing entities and the interests of any other Funding secured creditors, to consider only, unless stated otherwise, the interests of the Master Issuer and any new issuing entities. As among the Master Issuer and any new issuing entities, the security trustee will exercise its rights under the Funding deed of charge only in accordance with the directions of the Master Issuer and/or the new issuing entity(s) with the highest-ranking term advance ratings. If the Master Issuer and/or any new issuing entities with term advances of equal ratings give conflicting directions, then the security trustee will act in accordance with the directions of the Master Issuer or new issuing entity (or two or more of them if in agreement) whose aggregate principal amount outstanding of its/their highest-ranking term advances is the greatest. In all cases, the security trustee will only act if it is indemnified and/or secured and/or pre-funded to its satisfaction.

The Funding security will become enforceable upon the service of an intercompany loan enforcement notice under any intercompany loan, provided that, if the Funding security has become enforceable otherwise than by reason of a default in payment of any amount due on any of the term advances, the security trustee will not be entitled to dispose of all or part of the assets comprised in the Funding security unless either:

- a sufficient amount would be realised to allow a full and immediate discharge of all amounts owing in respect of the AAA term advances – including the AAA term advances made under the previous intercompany loans, the current intercompany loan and any new intercompany loans (or, once these AAA term advances have been repaid, the term advances with the next highest term advance rating, and so on); or
- the security trustee is of the opinion that the cashflow expected to be received by Funding 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 Funding, to discharge in full over time all amounts owing in respect of the AAA term advances – including the AAA term advances made under the previous intercompany loans, the current intercompany loan and any new intercompany loans (or, once these AAA term advances have been repaid, the term advances with the next highest term advance rating, and so on).

Each of the Funding secured creditors will agree under the Funding deed of charge that they will not take steps directly against Funding for any amounts owing to them, unless the security trustee has become bound to enforce the Funding security but has failed to do so within 30 days of becoming so bound.

Funding post enforcement priority of payments

The Funding deed of charge sets out the order of priority of distribution as at the relevant closing date of each issue by the security trustee, following service of an intercompany loan enforcement notice, of amounts received or recovered by the security trustee or a receiver appointed on its behalf. This order of priority is described in "**Cashflows—Distribution of Funding principal receipts and Funding revenue receipts following enforcement of the Funding security**".

Following the creation of new intercompany loan agreements with new issuing entities

Any deeds of accession or supplemental deeds or agreements will amend the Funding post enforcement priority of payments to reflect the amounts due to the new issuing entity and any new start-up loan provider or any other relevant creditor that has acceded to the terms of the Funding deed of charge.

Appointment, powers, responsibilities and liabilities of the security trustee

The security trustee is appointed to act as trustee on behalf of the Funding secured creditors on the terms and conditions of the Funding deed of charge. It holds the benefit of the security created by the Funding deed of charge on trust for each of the Funding secured creditors in accordance with the terms and conditions of the Funding deed of charge.

The Funding deed of charge provides that the security trustee may agree amendments or modifications to any of the transaction documents:

- which in the opinion of the security trustee it may be expedient to make, provided that the security trustee is of the opinion acting reasonably, that such modifications will not be materially prejudicial to the interests of the Funding secured creditors or, if it is not of that opinion in relation to any Funding secured creditors, such Funding secured creditor has given its written consent to such modifications;
- which in the opinion of the security trustee are made to correct a manifest error or are of a formal, minor or technical nature; or
- provided that the rating agencies confirm that as a result of such modification there will not be any adverse effect on the then current ratings by the rating agencies of any series or class (or sub-class) of Master Issuer rated notes.

Furthermore, the security trustee shall, without the consent of any Funding secured creditor, be required to give its consent to any modifications to the transaction documents that are requested by Funding or the cash manager, provided that Funding has certified to the security trustee in writing that such modifications are required in order to comply with any requirements which apply to it under UK EMIR or, as the case may be, EU EMIR and which accordingly will be mandatory under UK EMIR or EU EMIR (as applicable), irrespective of whether such modifications are materially prejudicial to the interests of any Funding secured creditor and provided such modifications do not relate to a basic terms modification. The security trustee shall not be obliged to agree to any modification pursuant to this paragraph which (in the sole opinion of the security trustee) would have the effect of (a) exposing the security trustee to any liability against which it has not been indemnified and/or secured and/or pre-funded to its satisfaction; and/or (b) increasing the obligations or duties, or decreasing the protections of the security trustee in the transaction documents and/or the terms and conditions of the Master Issuer notes.

The security trustee shall also, without the consent of any Funding secured creditor, be required to give its consent to any modifications to the transaction documents that are requested by Funding or the Master Issuer in relation to a base rate modification, irrespective of whether such modifications are materially prejudicial to the interests of any Funding secured creditor, if directed to so consent by the note trustee in accordance with the terms and conditions of the Master Issuer notes.

If any new funding entity is established, then the security trustee may agree to changes to the transaction documents to enable the inclusion of such new funding entity as a beneficiary of the mortgages trust, and the prior consent of noteholders will not be obtained in relation to those modifications, provided that the rating agencies confirm that the inclusion of the new funding entity as a beneficiary of the mortgages trust would not adversely affect the existing ratings of any series or class (or sub-class) of Master Issuer rated notes.

For the purposes of Article 21(4)(d) of the UK Securitisation Regulation, no provision of the Funding deed of charge requires automatic liquidation of the Funding security upon default of the Master Issuer.

The security trustee's fees and expenses

Funding shall reimburse the security trustee for all its costs and expenses properly incurred in acting as security trustee. The security trustee is entitled to a fee payable quarterly in the amount agreed from time to time by the security trustee and Funding. Funding has agreed to indemnify the security trustee and each of its officers, employees and advisers from and against all claims, actions, proceedings, demands, liabilities, losses, damages, costs and expenses arising out of or in connection with:

- the transaction documents; or
- the security trustee's engagement as security trustee,

which it or any of its officers, employees or advisers may suffer.

Funding is not responsible under the Funding deed of charge for any liabilities, losses, damages, costs or expenses resulting from fraud, negligence, wilful misconduct or breach of the terms of the Funding deed of charge by the security trustee or any of its officers or employees.

Retirement and removal

Subject to the appointment of a successor security trustee, the security trustee may retire after giving three months' notice in writing to Funding.

Funding may remove the security trustee at any time provided that it has the consent, which must not be unreasonably withheld or delayed, of each of the other Funding secured creditors to the removal.

In addition, the security trustee may, subject to conditions specified in the Funding deed of charge, appoint a co-trustee to act jointly with it.

Additional provisions of the Funding deed of charge

The Funding deed of charge contains a range of provisions regulating the scope of the security trustee's duties and liabilities. These include the following:

- the security trustee will, if reasonably practicable, give prior notification to the seller of the security trustee's intention to enforce the Funding security (although any failure to so notify will not prejudice the ability of the security trustee to enforce the Funding security);
- the security trustee is not responsible for the adequacy or enforceability of the Funding deed of charge or any other transaction document;
- the security trustee is not required to exercise its powers under the Funding deed of charge without being directed to do so by the Master Issuer, any new issuing entities or the other Funding secured creditors;
- the security trustee may rely on documents provided by the mortgages trustee, Funding and the cash manager and the advice of consultants and advisors;
- the security trustee is not required to monitor whether an intercompany loan event of default under any intercompany loan has occurred or compliance by Funding with the transaction documents;
- the security trustee will be taken not to have knowledge of the occurrence of an intercompany loan event of default under any intercompany loan unless the security trustee has received notice from a Funding secured creditor stating that an intercompany loan event of default has occurred and describing that intercompany loan event of default;
- the security trustee has no duties or responsibilities except those expressly set out in the Funding deed of charge or the transaction documents;
- any action taken by the security trustee under the Funding deed of charge or any transaction document binds all of the Funding secured creditors;
- each Funding secured creditor must make its own independent investigations, without reliance on the security trustee, as to the affairs of Funding and whether or not to request that the security trustee take any particular course of action under any transaction document;
- the security trustee and its affiliates may engage in any kind of business with Funding or any of the Funding secured creditors as if it were not security trustee and may receive consideration for services in connection with any transaction document or otherwise without having to account to the Funding secured creditors;
- the security trustee has no liability under or in connection with the Funding deed of charge or any other transaction document, whether to a Funding secured creditor or otherwise, other than to the extent to which (a) the liability is able to be satisfied in accordance with the Funding deed of charge out of the property held by it on trust under the Funding deed of charge and (b) it is actually indemnified for the liability. This limitation of liability does not apply to a liability of the security trustee to the extent that it is not satisfied because there is a reduction in the extent of the security trustee's indemnification as a result of its fraud, negligence or wilful misconduct or breach of the terms of the Funding deed of charge; and
- the security trustee is not responsible for any deficiency which may arise because it is liable to tax in respect of the proceeds of security.

The security trustee has had no involvement in the preparation of any part of this base prospectus, other than any particular reference to the security trustee. The security trustee expressly disclaims and takes no responsibility for any other part of this base prospectus. The security trustee makes no statement or representation in this base prospectus, has not authorised or caused the issue of any part of it and takes no

responsibility for any part of it. The security trustee does not guarantee the performance of the Master Issuer notes or the payment of principal or interest on the Master Issuer notes.

Governing law

The Funding deed of charge (and any non-contractual obligations arising out of or in connection with it) is governed by English law (other than certain aspects relating to the Scottish loans and their related security, which are governed by Scots law).

SECURITY FOR THE MASTER ISSUER'S OBLIGATIONS

The Master Issuer has granted security for its obligations by entering into the Master Issuer deed of charge with the Master Issuer secured creditors.

The Master Issuer deed of charge has six primary functions:

- it sets out covenants of the Master Issuer;
- it creates security for the Master Issuer security trustee which the Master Issuer security trustee then administers on trust for each of the Master Issuer secured creditors (including secured creditors that accede to the Master Issuer deed of charge in connection with future series and classes (or sub-classes) of Master Issuer notes);
- it sets out the enforcement procedures relating to a default by the Master Issuer of its covenants under the transaction documents (including the appointment of a receiver);
- it sets out the order in which the Master Issuer security trustee applies monies standing to the credit of the transaction accounts following the enforcement of the Master Issuer security;
- it sets out the appointment of the Master Issuer security trustee, its powers and responsibilities and the limitations on those responsibilities; and
- it sets out how creditors of the Master Issuer can accede to the terms of the Master Issuer deed of charge.

The following section contains a summary of the material terms of the Master Issuer deed of charge. The summary does not purport to be complete and is subject to the provisions of the Master Issuer deed of charge.

Covenants of the Master Issuer

The Master Issuer deed of charge contains covenants made by the Master Issuer in favour of the Master Issuer security trustee on trust for the benefit of itself, any receiver of the Master Issuer and the Master Issuer secured creditors. The main covenants are that the Master Issuer will pay all amounts due to each of the Master Issuer secured creditors as they become due (subject to applicable deferral provisions) and that it will comply with its other obligations under the transaction documents.

Master Issuer security

Under the Master Issuer deed of charge, the Master Issuer creates the following security in respect of its obligations under the Master Issuer notes and the other transaction documents to which it is or will be a party:

- an assignment and charge by way of first fixed security of the Master Issuer's rights under the transaction documents to which it is a party, including the master intercompany loan agreement, the Funding deed of charge, the Master Issuer swap agreements, the Master Issuer paying agent and agent bank agreement, the underwriting agreement, subscription agreement, the Master Issuer corporate services agreement, the Master Issuer bank account agreement, the Master Issuer cash management agreement and the trust deed;
- a charge by way of first fixed charge (which may take effect as a floating charge) of the Master Issuer's right, title and interest and benefit in the transaction accounts and any amounts deposited in them;
- a charge by way of first fixed charge (which may take effect as a floating charge) of the Master Issuer's right, title, interest and benefit in all authorised investments made by or on behalf of the Master Issuer, including all monies and income payable under them;

- with regard to all of the Master Issuer's assets located in England or Wales or governed by English law a first ranking floating charge over the Master Issuer's business and assets not already charged under the fixed charges described here; and
- with regard to all of the Master Issuer's assets located in Scotland or governed by Scots law a first ranking floating charge (noting that all of the assets subject to fixed charges as listed above are wholly governed by English law).

Nature of security – fixed charge

The Master Issuer may not deal with those of its assets which are subject to a fixed charge without the consent of the Master Issuer security trustee. Accordingly, the Master Issuer will not be permitted to deal in its ordinary course of business with the assets which are expressed to be subject to a fixed charge. In this way, the security is said to "fix" over those assets which are expressed to be subject to a fixed charge (being the charges described in the first three bullet points in this section).

Nature of security – floating charge

Unlike the fixed charges, the floating charge does not attach to specific assets but instead "floats" over a class of assets which may change from time to time, allowing the Master Issuer to deal with those assets and to give third parties title to those assets free from any encumbrance in the event of sale, discharge or modification, provided those dealings and transfers of title are in the ordinary course of the Master Issuer's business. Any assets acquired by the Master Issuer after the relevant closing date (including assets acquired as a result of the disposition of any other assets of the Master Issuer) which are not subject to fixed charges described in the preceding section and all of its Scottish assets will also be subject to the floating charge.

The existence of the floating charge allows the Master Issuer security trustee to appoint an administrative receiver of the Master Issuer and thereby prevent the appointment of an administrator or receiver of the Master Issuer by one of the Master Issuer's other creditors. Therefore, in the event that enforcement proceedings are commenced in respect of amounts due and owing by the Master Issuer, the Master Issuer security trustee should be able to control those proceedings in the best interest of the Master Issuer secured creditors. However, see "**Risk factors—Changes of law may adversely affect your interests**" relating to the appointment of administrative receivers.

The interests of the Master Issuer secured creditors in property and assets over which there is a floating charge will rank behind the expenses of any liquidation or any administration and the claims of certain preferential creditors on enforcement of the Master Issuer security. This means that the expenses of any liquidation or any administration and preferential creditors (including, from 1 December 2020 by operation of the Insolvency Act 1986 (HMRC Debts: Priority on Insolvency) Regulations 2020, the UK tax authorities in respect of VAT, PAYE and certain other liabilities) will be paid out of the proceeds of enforcement of the floating charge ahead of amounts due to the noteholders. Section 176A of the Insolvency Act (as inserted by Section 251 of the Enterprise Act) also requires a "**prescribed part**" (up to a maximum amount of £800,000) of the floating charge realisations available for distribution to be set aside to satisfy the claims of unsecured creditors. This means that the fees and 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.

The floating charge created by the Master Issuer deed of charge may **crystallise** and become a fixed charge over the relevant class of assets owned by the Master Issuer at the time of crystallisation. Crystallisation will occur automatically following the occurrence of specific events set out in the Master Issuer deed of charge, including, among other events, notice to the Master Issuer from the Master Issuer security trustee following an event of default under the Master Issuer notes (except in relation to the Master Issuer's Scottish assets, where crystallisation will occur on the appointment of an administrative receiver or upon commencement of a winding up of the Master 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 fees and expenses of any administration, the claims of preferential creditors and the beneficiaries of the prescribed part on enforcement of the Master Issuer security.

Enforcement

The Master Issuer deed of charge sets out the general procedures by which the Master Issuer security trustee may take steps to enforce the security created by the Master Issuer so that the Master Issuer security trustee can protect the interests of each of the Master Issuer secured creditors.

The Master Issuer deed of charge requires the Master Issuer security trustee to consider the interests of each of the Master Issuer secured creditors as to the exercise of its powers, trusts, authorities, duties and discretions, but requires the Master Issuer security trustee in the event of a conflict between the interests of the noteholders and the interests of any other Master Issuer secured creditor, to consider only, unless stated otherwise, the interests of the noteholders. As among noteholders, the Master Issuer security trustee will exercise its rights under the Master Issuer deed of charge only in accordance with the directions of the class of noteholders with the highest-ranking Master Issuer notes. If there is a conflict between the interests of the class A noteholders of one series and the class A noteholders of another series, or conflict between the class B noteholders of one series and the class B noteholders of another series, or conflict between the class M noteholders of one series and the class M noteholders of another series, or conflict between the class C noteholders of one series and the class C noteholders of another series, or conflict between the class Z noteholders of one series and the class Z noteholders of another series, then a resolution directing the Master Issuer security trustee to take any action must be passed at separate meetings of the holders of each series of the class A notes or, as applicable, each series of the class B notes or, as applicable, each series of the class M notes or, as applicable, each series of the class C notes or, as applicable, each series of the class Z notes.

The Master Issuer security will become enforceable upon either (a) the enforcement of the Funding security or (b) the occurrence of a note event of default which is not being waived by the Master Issuer security trustee, provided that, if the Master Issuer security has become enforceable otherwise than by reason of a default in payment of any amount due on the Master Issuer notes, the Master Issuer security trustee will not be entitled to dispose of all or part of the assets comprised in the Master Issuer security unless either:

- a sufficient amount would be realised to allow a full and immediate discharge of all amounts owing in respect of the class A notes or, if the class A notes have been fully repaid, the class B notes or, if the class B notes have been fully repaid, the class M notes or, if the class M notes have been fully repaid, the class C notes or, if the class C notes have been fully repaid, the class Z notes; or
- the Master Issuer security trustee is of the opinion that the cashflow expected to be received by the Master 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 Master Issuer, to discharge in full over time all amounts owing in respect of the class A notes or, if the class A notes have been fully repaid, the class B notes or, if the class B notes have been fully repaid, the class M notes or, if the class M notes have been fully repaid, the class C notes or, if the class C notes have been fully repaid, the class Z notes.

Each of the Master Issuer secured creditors (other than the noteholders, the note trustee acting on behalf of the noteholders and the Master Issuer security trustee) will agree under the Master Issuer deed of charge that they will not take steps directly against the Master Issuer for any amounts owing to them, unless the Master Issuer security trustee has become bound to enforce the Master Issuer security but has failed to do so within 30 days of becoming so bound and the failure is continuing.

Post enforcement priority of payments

The Master Issuer deed of charge sets out the order of priority of distribution by the Master Issuer security trustee, following service of a note enforcement notice, of amounts received or recovered by the Master Issuer security trustee (or a receiver appointed on its behalf). There are two separate payment orders of priority depending on whether the Funding security has also been enforced. These orders of priority are described in "**Cashflows**".

New Master Issuer secured creditors

New Master Issuer secured creditors will enter into deeds of accession in relation to the Master Issuer deed of charge upon or immediately prior to the issue of the series or class (or sub-class) of Master Issuer notes described in the relevant final terms and/or a new series or class (or sub-class) of new notes by the Master Issuer.

Appointment, powers, responsibilities and liabilities of the Master Issuer security trustee

The Master Issuer security trustee is appointed to act as trustee on behalf of the Master Issuer secured creditors on the terms and conditions of the Master Issuer deed of charge. It holds the benefit of the security created by the Master Issuer deed of charge on trust for each of the Master Issuer secured creditors in accordance with the terms and conditions of the Master Issuer deed of charge.

The Master Issuer security trustee may concur with any person in making any modifications to the transaction documents only (for so long as any Master Issuer notes remain outstanding) if so directed by the note trustee. The note trustee may give such direction, without the consent or sanction of the noteholders, provided that:

- the note trustee is of the opinion that such modifications will not be materially prejudicial to the interests of the noteholders of any series or class of Master Issuer notes, and (ii) the note trustee is of the opinion that such modifications will not be materially prejudicial to the interests of the Master Issuer swap providers or, if it is not of that opinion in relation to any of the Master Issuer swap providers, such Master Issuer swap provider has consented to such modifications; or
- in the opinion of the note trustee such modification is to correct a manifest or proven error established as such to the satisfaction of the note trustee or is an error of a formal, minor or technical nature.

The Master Issuer security trustee is entitled to assume in the exercise of its discretions and powers, that the proposed exercise would not be materially prejudicial to the interests of the noteholders, if the existing ratings of the Master Issuer rated notes are not adversely affected by that proposed exercise. The prior consent of noteholders will not be obtained in relation to the inclusion of a new funding entity as a beneficiary of the mortgages trust, provided that the rating agencies confirm that the inclusion of such new funding entity as a beneficiary of the mortgages trust would not adversely affect the existing ratings of any Master Issuer rated notes.

For the purposes of Article 21(4)(d) of the UK Securitisation Regulation, no provision of the Master Issuer deed of charge requires automatic liquidation of the Master Issuer security upon default of the Master Issuer.

Master Issuer security trustee's fees and expenses

The Master Issuer will reimburse the Master Issuer security trustee for all its costs and expenses properly incurred in acting as Master Issuer security trustee. The Master Issuer security trustee shall be entitled to a fee payable quarterly in the amount agreed from time to time by the Master Issuer security trustee and the Master Issuer. The Master Issuer has agreed to indemnify the Master Issuer security trustee and each of its officers, employees and advisers from and against all claims, actions, proceedings, demands, liabilities, losses, damages, costs and expenses arising out of or in connection with:

- the transaction documents; or
- the Master Issuer security trustee's engagement as Master Issuer security trustee,

which it or any of its officers, employees or advisers may suffer.

The Master Issuer will not be responsible under the Master Issuer deed of charge for any liabilities, losses, damages, costs or expenses resulting from fraud, wilful default or negligence on the part of the Master

Issuer security trustee or any of its officers, employees and advisers or breach by them of the terms of the Master Issuer deed of charge.

Retirement and removal

Subject to the appointment of a successor Master Issuer security trustee, the Master Issuer security trustee may retire after giving three months' notice in writing to the Master Issuer.

The Master Issuer may remove the Master Issuer security trustee at any time providing that it has the consent, which must not be unreasonably withheld or delayed, of each of the other Master Issuer secured creditors to the removal.

In addition, the Master Issuer security trustee may, subject to the conditions specified in the Master Issuer deed of charge, appoint a co-trustee to act jointly with it.

Additional provisions of the Master Issuer deed of charge

The Master Issuer deed of charge contains a range of provisions regulating the scope of the Master Issuer security trustee's duties and liability. These include the following:

- the Master Issuer security trustee will, if reasonably practicable, give prior notification to the seller of the Master Issuer security trustee's intention to enforce the Master Issuer security (although any failure to so notify will not prejudice the ability of the Master Issuer security trustee to enforce the Master Issuer security);
- the Master Issuer security trustee is not responsible for the adequacy or enforceability of the Master Issuer deed of charge or any other transaction document;
- the Master Issuer security trustee is not required to exercise its powers under the Master Issuer deed of charge without being directed or requested to do so by an extraordinary resolution of the noteholders or in writing by the holders of at least 25 per cent. of the aggregate principal amount outstanding of the Master Issuer notes then outstanding or by any other Master Issuer secured creditor provided that:
 - (1) the Master Issuer security trustee will not act at the direction or request of the class B noteholders unless either so to do would not, in its opinion, be materially prejudicial to the interests of the class A noteholders or the action is sanctioned by an extraordinary resolution of the class A noteholders;
 - (2) the Master Issuer security trustee will not act at the direction or request of the class M noteholders unless either so to do would not, in its opinion, be materially prejudicial to the interests of the class A noteholders and/or the class B noteholders or the action is sanctioned by extraordinary resolutions of the class A noteholders and/or the class B noteholders, as the case may be;
 - (3) the Master Issuer security trustee will not act at the direction or request of the class C noteholders unless either so to do would not, in its opinion, be materially prejudicial to the interests of the class A noteholders and/or the class B noteholders and/or the class M noteholders or the action is sanctioned by extraordinary resolutions of the class A noteholders and/or the class B noteholders and/or the class M noteholders, as the case may be;
 - (4) the Master Issuer security trustee will not act at the direction or request of the class Z noteholders unless either so to do would not, in its opinion, be materially prejudicial to the interest of the class A noteholders and/or the class B noteholders and/or the class M noteholders and/or the class C noteholders or the action is sanctioned by extraordinary resolutions of the class A noteholders and/or the class B noteholders and/or the class M noteholders and/or the class C noteholders, as the case may be; and

(5) the Master Issuer security trustee will not act at the direction or request of any other Master Issuer secured creditor unless so to do would not, in its opinion, be materially prejudicial to the interests of the noteholders or the action is sanctioned by extraordinary resolutions of the noteholders and each of the other relevant secured creditors that ranks ahead of that Master Issuer secured creditor (in the post enforcement priority of payments) also consents to that action and in particular;

- the Master Issuer security trustee is entitled to assume that, in the exercise of its rights, powers, duties and discretions, the exercise will not be materially prejudicial to the noteholders if each of the rating agencies has confirmed that the then current ratings of the Master Issuer rated notes will not be adversely affected by the exercise;
- the Master Issuer security trustee may rely on documents provided by the Master Issuer, the Master Issuer cash manager, the Master Issuer swap provider(s), the agent bank, the paying agents, the registrar, the transfer agent, the Master Issuer account banks and the corporate services provider and the advice of consultants and advisers;
- the Master Issuer security trustee is not required to monitor whether a note event of default has occurred or compliance by the Master Issuer with the transaction documents;
- the Master Issuer security trustee will be taken not to have knowledge of the occurrence of a note event of default unless the Master Issuer security trustee has received notice from a Master Issuer secured creditor stating that a note event of default has occurred and describing that note event of default;
- the Master Issuer security trustee may rely on any instructions or directions given to it by the note trustee as being given on behalf of the relevant class of noteholders without inquiry about compliance with the trust deed;
- the Master Issuer security trustee has no duties or responsibilities except those expressly set out in the Master Issuer deed of charge or the transaction documents;
- any action taken by the Master Issuer security trustee under the Master Issuer deed of charge or any of the transaction documents binds all of the Master Issuer secured creditors;
- each Master Issuer secured creditor must make its own independent investigations, without reliance on the Master Issuer security trustee, as to the affairs of the Master Issuer and whether or not to request that the Master Issuer security trustee take any particular course of action under any transaction document;
- the Master Issuer security trustee in a capacity other than as Master Issuer security trustee can exercise its rights and powers as such as if it were not acting as the Master Issuer security trustee;
- the Master Issuer security trustee and its affiliates may engage in any kind of business with the Master Issuer or any of the Master Issuer secured creditors as if it were not the Master Issuer security trustee and may receive consideration for services in connection with any transaction document or otherwise without having to account to the Master Issuer secured creditors;
- the Master Issuer security trustee has no liability under or in connection with the Master Issuer deed of charge or any other transaction document, whether to a Master Issuer secured creditor or otherwise, other than to the extent to which (a) the liability is able to be satisfied in accordance with the Master Issuer deed of charge out of the property held by it on trust under the Master Issuer deed of charge and (b) it is actually indemnified for the liability. This limitation of liability does not apply to a liability of the Master Issuer security trustee to the extent that it is not satisfied because there is a reduction in the extent of the Master Issuer security trustee's indemnification as a result of its fraud, negligence, wilful misconduct or breach of the terms of the Master Issuer deed of charge; and

- the Master Issuer security trustee is not responsible for any deficiency which may arise because it is liable to tax in respect of the proceeds of security.

The Master Issuer security trustee has had no involvement in the preparation of any part of this base prospectus, other than any particular reference to the Master Issuer security trustee. The Master Issuer security trustee expressly disclaims and takes no responsibility for any other part of this base prospectus. The Master Issuer security trustee makes no statement or representation in this base prospectus, has not authorised or caused the issue of any part of it and takes no responsibility for any part of it. The Master Issuer security trustee does not guarantee the success of the Master Issuer notes or the payment of principal or interest on the Master Issuer notes.

Governing law

The Master Issuer deed of charge (and any non-contractual obligations arising out of or in connection with it) is governed by English law (other than certain aspects relating to the Scottish loans and their related security, which are governed by Scots law).

CASHFLOWS

Distribution of Funding available revenue receipts

Definition of Funding available revenue receipts

Funding available revenue receipts will be calculated by the cash manager on the business day prior to each interest payment date and will be an amount equal to the sum of:

- all mortgages trust available revenue receipts to be distributed to Funding during the interest period ending on the immediately following interest payment date;
- other net income of Funding including all amounts of interest received on the Funding GIC account, the Funding transaction account and/or authorised investments (as defined in the glossary), amounts received or expected to be received or expected to be received by Funding under the relevant Funding swap agreement (other than any early termination amount received by Funding under the relevant Funding swap agreement and any amount to be credited to the Funding collateral account, including interest thereon, subject to the circumstances described in "**—Collateral in the Funding post enforcement priority of payments**"), any payment made by the seller pursuant to clause 5.2 of the mortgages trust deed and any advance made available to Funding by the extraordinary payment holiday start-up loan, in each case to be received on or prior to the immediately following interest payment date;
- the amounts standing to the credit of the first reserve ledger in excess of the first reserve fund additional required amount;
- any amounts received by Funding pursuant to the master intercompany loan equal to the amounts received or recovered and available at item (k) of the Master Issuer pre-enforcement revenue priority of payments, if any;
- in the event that the amounts above would result in a Funding income deficit (but, for the purpose of this paragraph only, as if the definition of "Funding available revenue receipts" as used in the definition of "Funding income deficit" did not include amounts standing to the credit of the first reserve fund (other than as described above), the Funding liquidity reserve fund (if established) and the Funding reserve fund), the amount standing to the credit of the first reserve ledger up to the first reserve fund additional required amount to the extent of such Funding income deficit;
- if, after application of the amounts standing to the credit of the first reserve ledger, there would still remain a Funding income deficit (calculated as described above, but including the amounts standing to the credit of the first reserve ledger), and the Funding liquidity reserve ledger has been established, the amount standing to the credit of the Funding liquidity reserve ledger to the extent of such Funding income deficit; and
- if, after application of the amounts standing to the credit of the first reserve ledger and the Funding liquidity reserve ledger (if established), there would still remain a Funding income deficit (calculated as described above, but including the amounts standing to the credit of the first reserve ledger and the Funding liquidity reserve ledger), the amount standing to the credit of the Funding reserve ledger to the extent of such Funding income deficit.

Amounts of interest accrued in respect of non bullet Funding principal amounts which cannot be withdrawn from the Santander A-2/P-2/F2 account (including, without limitation, in the event of a moratorium on insolvency, bank insolvency, administration or bank administration of Santander UK, or Santander UK being unable to pay these amounts) shall cease to constitute Funding available revenue receipts and shall not be available to be applied in accordance with the relevant priority of payments (see "**Cash management for the mortgages trustee and Funding—Deposits with eligible banks in accordance with panel bank**

guidelines" for a description of the circumstances when monies will be deposited in the Santander A-2/P-2/F2 account).

One business day prior to each interest payment date, the cash manager will calculate whether there will be a Funding income deficit on such interest payment date. If there is such a Funding income deficit on an interest payment date, then Funding shall pay or provide for that deficit by applying amounts then standing to the credit of the Funding principal ledger, if any, and the cash manager shall make a corresponding entry in the relevant principal deficiency ledger, as described in "**Credit structure**".

Funding principal receipts may not be used to pay interest on any term advance if and to the extent that would result in a deficiency being recorded or an existing deficiency being increased on a principal deficiency sub-ledger relating to a higher ranking term advance.

Funding shall apply any excess revenue to extinguish any balance on the principal deficiency ledger, as described in "**Credit structure**".

Distribution of Funding available revenue receipts prior to enforcement of the Funding security

This section sets out the order of priority of payments of Funding available revenue receipts as at the date of this base prospectus. If Funding enters into new intercompany loan agreements, then this order of priority will change see "**—Security for Funding's obligations**".

Except for amounts due to third parties by the Master Issuer and/or Funding under paragraph (a) or amounts due to account bank A and/or the Master Issuer account banks, which shall be paid when due, on each interest payment date prior to enforcement of the Funding security, the cash manager will apply the Funding available revenue receipts in the following order of priority (the **Funding pre-enforcement revenue priority of payments**):

- (a) *first*, in no order of priority between them but in proportion to the respective amounts due, to pay amounts due to:
- the security trustee (together with interest and any amount in respect of VAT on those amounts) and to provide for any amounts due or to become due in the immediately following interest period to the security trustee under the Funding deed of charge;
 - the Master Issuer in respect of the Master Issuer's obligations specified in items (a) to (c) inclusive of the Master Issuer pre-enforcement revenue priority of payments or, as the case may be, items (a) to (b) inclusive of the Master Issuer post-enforcement priority of payments, as described in "**—Distribution of Master Issuer revenue receipts**" and "**—Distribution of Master Issuer principal receipts and Master Issuer revenue receipts following enforcement of the Master Issuer security and enforcement of the Funding security**"; and
 - any third party creditors of Funding (other than those referred to later in this order of priority of payments), which amounts have been incurred without breach by Funding of the transaction documents to which it is a party (and for which payment has not been provided for elsewhere) and to provide for any of these amounts expected to become due and payable in the immediately following interest period by Funding and to pay or discharge any liability of Funding for corporation tax on any chargeable income or gain of Funding

and then in and toward payment of an amount equal to £1,250 of the Funding Available Revenue Receipts which shall be retained by Funding as profit in each accounting period or distributed by it by way of dividends to its shareholders;

- (b) *then*, towards payment of amounts due and payable to the cash manager under the cash management agreement (together with any amount in respect of VAT on those amounts);
- (c) *then*, in no order of priority between them but in proportion to the respective amounts due, towards payment of amounts, if any, due and payable to the account banks under the terms

of the bank account agreement and to the corporate services provider under the corporate services agreement;

- (d) *then*, towards payment of amounts (if any) due and payable to the Funding swap provider under the Funding swap agreement (except for any termination payments due and payable by Funding following a Funding swap provider default (as defined later in this section));
- (e) *then*, in no order of priority between them but in proportion to the respective amounts due, towards payment of interest due and payable on the AAA term advances in relation to the intercompany loans;
- (f) *then*, towards a credit to the AAA principal deficiency sub-ledger in an amount sufficient to eliminate any debit on that ledger;
- (g) *then*, in no order of priority between them but in proportion to the respective amounts due, towards payment of interest due and payable on the AA term advances in relation to the intercompany loans;
- (h) *then*, towards a credit to the AA principal deficiency sub-ledger in an amount sufficient to eliminate any debit on that ledger;
- (i) *then*, in no order of priority between them but in proportion to the respective amounts due, towards payment of interest due and payable on the A term advances in relation to the intercompany loans;
- (j) *then*, towards a credit to the A principal deficiency sub-ledger in an amount sufficient to eliminate any debit on that ledger;
- (k) *then*, in no order of priority between them but in proportion to the respective amounts due, towards payment of interest due and payable on the BBB term advances in relation to the intercompany loans;
- (l) *then*, towards a credit to the BBB principal deficiency sub-ledger in an amount sufficient to eliminate a debit on that ledger;
- (m) *then*, towards payment of any amounts due to the Master Issuer in respect of its obligations (if any) to make a termination payment to an existing swap provider (but excluding any payment due to an existing swap provider as a result of an existing swap provider default or any existing swap provider downgrade termination event);
- (n) *then*, to the extent that any Master Issuer rated notes are outstanding, towards a credit to the first reserve ledger in an amount up to the first reserve fund required amount (see "**Credit structure—First reserve fund**");
- (o) *then*, if an arrears trigger event has occurred and to the extent that any Master Issuer rated notes are outstanding, towards a credit to the first reserve ledger to ensure that the balance thereof is equal to the first reserve fund additional required amount (see "**Credit structure—First reserve fund**");
- (p) *then*, to the extent that any Master Issuer rated notes are outstanding, towards a credit to the Funding liquidity reserve ledger in an amount up to the Funding liquidity reserve required amount (see "**Credit structure—Funding liquidity reserve fund**");
- (q) *then*, in no order of priority between them but in proportion to the respective amounts due, towards a credit to (i) the NR principal deficiency sub-ledger and (ii) the Funding loan principal deficiency sub ledger, in each case, in an amount sufficient to eliminate a debit on that ledger;
- (r) *then*, in no order of priority between them but in proportion to the respective amounts due, towards payment of interest due and payable on (i) the Funding loan to the extent due and payable and (ii) the NR term advances in relation to the intercompany loans;

- (s) *then*, in no order of priority between them but in proportion to the respective amounts due, to pay amounts due to:
- the Master Issuer, in respect of its obligations to pay any termination payment to an existing swap provider following an existing swap provider default or any existing swap provider downgrade termination event;
 - any other amounts due to the Master Issuer under the master intercompany loan agreement and not otherwise provided for in this order of priorities; and
 - after the occurrence of a Funding swap provider default, towards payment of any termination payment due and payable by Funding under the Funding swap agreement;
- (t) *then*, to the extent that any Master Issuer rated notes are outstanding, towards a credit to the Funding reserve ledger in an amount up to the Funding reserve fund required amount (see "**Credit structure—Funding reserve fund**");
- (u) *then*, in no order of priority between the start-up loan agreements but in proportion to the respective amounts due, towards payment of amounts due pay:
- (a) the interest amounts due to all start-up loan providers under the start-up loan agreements; and thereafter
- (b) the principal amounts due to all start-up loan providers under the start-up loan agreements;
- (v) *then*, [Reserved];
- (w) *then*, towards payment of any additional consideration due to the seller pursuant to the terms of the mortgage sale agreement (this together with the postponed deferred consideration, known as **deferred consideration**) other than postponed deferred consideration; and
- (x) *then*, towards payment of any additional consideration due to the seller which has been postponed pursuant to the terms of the mortgage sale agreement (known as **postponed deferred consideration**).

As used in this base prospectus, **Funding swap provider default** means the occurrence of an event of default (as defined in the relevant Funding swap agreement) where the Funding swap provider is the defaulting party (as defined in the relevant Funding swap agreement).

As used in this base prospectus, **existing swap provider default** means the occurrence of an event of default (as defined in the relevant existing swap agreement) where an existing swap provider is the defaulting party (as defined in the relevant existing swap agreement) and **existing swap provider downgrade termination event** means the occurrence of an additional termination event (as defined in the relevant existing swap agreement) following the failure by the relevant existing swap provider to comply with the ratings downgrade provisions set out in the relevant existing swap agreement. **Existing swap providers** means the swap providers under the relevant existing swap agreements. **Existing swap agreements** means any outstanding swap agreements entered into between the Master Issuer or any new issuing entity with the relevant existing swap provider.

Distribution of Master Issuer revenue receipts

Definition of Master Issuer revenue receipts

Revenue receipts will be calculated by the Master Issuer cash manager four business days prior to each interest payment date and will be an amount equal to the sum of:

- interest to be paid by Funding on the relevant interest payment date in respect of the term advances under the master intercompany loan agreement;

- fees to be paid to the Master Issuer by Funding on the relevant interest payment date under the terms of the master intercompany loan agreement;
- interest payable on the Master Issuer's bank accounts (but excluding any interest in respect of collateral provided by a Master Issuer swap provider to the Master Issuer as described below) and any authorised investments (as defined in the glossary) and which will be received on or before the relevant interest payment date; and
- other net income of the Master Issuer including amounts received or to be received under the Master Issuer swap agreements on or before the relevant interest payment date (without double counting) (other than any early termination amount received by the Master Issuer under the Master Issuer swap agreements and any amount to be credited to the relevant Master Issuer collateral account, including interest thereon, subject to the circumstances described in "**—Collateral in the Master Issuer post enforcement priority of payments**").

Distribution of Master Issuer revenue receipts prior to enforcement of the Master Issuer security

The Master Issuer cash management agreement sets out the order of priority of distribution by the Master Issuer cash manager, prior to the enforcement of the Master Issuer security, of amounts received by the Master Issuer on each interest payment date. The order of priority in effect at the time of an issuance of notes will be as described in this section as supplemented by the relevant final terms and is subject to change at the time of any new issue of notes.

As used in this base prospectus, **swap provider default** means the occurrence of an event of default (as defined in the relevant Master Issuer swap agreements) where the relevant Master Issuer swap provider is the defaulting party (as defined in the relevant Master Issuer swap agreement). **Master Issuer swap agreement** means any swap agreement between a Master Issuer swap provider and the Master Issuer. **Downgrade termination event** means the occurrence of an additional termination event following the failure by the relevant Master Issuer swap provider to comply with the ratings downgrade provisions set out in the relevant Master Issuer swap agreement and **downgrade termination payment** means a termination payment due and payable to the relevant Master Issuer swap provider following the occurrence of a downgrade termination event, save to the extent that such termination payment may be satisfied by any swap replacement payment made to the Master Issuer following a downgrade termination event in respect of the relevant Master Issuer swap agreement. For the avoidance of doubt, swap replacement payments made to the Master Issuer following a downgrade termination event will not constitute Master Issuer revenue receipts.

Either on each interest payment date or when due in respect of amounts due to third parties under paragraph (b) below or amounts due to the Master Issuer account banks under the Master Issuer bank account agreement under paragraph (c) below, the Master Issuer security trustee will apply Master Issuer revenue receipts in the following order of priority (the **Master Issuer pre-enforcement revenue priority of payments**):

- (a) *first*, in no order of priority between them but in proportion to the respective amounts due, to pay amounts due to:
 - (i) the Master Issuer security trustee, together with interest and any amount in respect of VAT on those amounts, and to provide for any amounts due or to become due during the following interest period to the Master Issuer security trustee under the Master Issuer deed of charge;
 - (ii) the note trustee, together with interest and any amount in respect of VAT on those amounts, and to provide for any amounts due or to become due during the following interest period to the note trustee under the Master Issuer trust deed; and
 - (iii) the agent bank, the paying agents, the registrar and the transfer agent, together with interest and any amount in respect of VAT on those amounts, and any costs, charges, liabilities and expenses then due or to become due during the following interest period to the agent bank, the paying agents, the registrar and the transfer agent under the Master Issuer paying agent and agent bank agreement

and then to pay an amount equal to £1,250, to be retained by the Master Issuer as profit in each accounting period;

- (b) *then*, to pay amounts due to any third party creditors of the Master Issuer (other than those referred to later in this order of priority of payments), which amounts have been incurred without breach by the Master Issuer of the transaction documents to which it is a party and for which payment has not been provided for elsewhere and to provide for any of those amounts expected to become due and payable during the following interest period by the Master Issuer and to pay or discharge any liability of the Master Issuer for corporation tax on any chargeable income or gain of the Master Issuer;
- (c) *then*, in no order of priority between them but in proportion to the respective amounts due, to pay amounts due to the Master Issuer cash manager, together with any amount in respect of VAT on those amounts, and to provide for any amounts due, or to become due to the Master Issuer cash manager in the immediately succeeding interest period, under the Master Issuer cash management agreement and to the corporate services provider under the Master Issuer corporate services agreement and to the Master Issuer account banks under the Master Issuer bank account agreement;
- (d) *then*, from amounts (excluding principal) received by the Master Issuer from Funding in respect of each AAA term advance (and, in respect of (ii) below, the amounts (if any), excluding principal, received from the Master Issuer swap provider(s) under the Master Issuer swap agreement(s) in respect of the related series and class (or sub-class) of Master Issuer notes):
 - (i) to pay the amounts due and payable to the relevant Master Issuer swap provider(s) (if any) in respect of the related series and class (or sub-class) of class A notes (including any termination payment, but excluding any Master Issuer swap excluded termination amount) in accordance with the terms of the relevant Master Issuer swap agreement;
 - (ii) *pro rata* and *pari passu*, to pay interest due and payable (if any) on the related series and class (or sub-class) of class A notes on such interest payment date;
- (e) *then*, from amounts (excluding principal) received by the Master Issuer from Funding in respect of each AA term advance (and, in respect of (ii) below, the amounts (if any), excluding principal, received from the Master Issuer swap provider(s) under the Master Issuer swap agreement(s) in respect of the related series and class (or sub-class) of Master Issuer notes):
 - (i) to pay the amounts due and payable to the relevant Master Issuer swap provider(s) (if any) in respect of the related series and class (or sub-class) of class B notes (including any termination payment, but excluding any Master Issuer swap excluded termination amount) in accordance with the terms of the relevant Master Issuer swap agreement;
 - (ii) *pro rata* and *pari passu*, to pay interest due and payable (if any) on the related series and class (or sub-class) of class B notes on such interest payment date;
- (f) *then*, from amounts (excluding principal) received by the Master Issuer from Funding in respect of each A term advance (and, in respect of (ii) below, the amounts (if any), excluding principal, received from the Master Issuer swap provider(s) under the Master Issuer swap agreement(s) in respect of the related series and class (or sub-class) of Master Issuer notes):
 - (i) to pay the amounts due and payable to the relevant Master Issuer swap provider(s) (if any) in respect of the related series and class (or sub-class) of class M notes (including any termination payment, but excluding any Master Issuer swap excluded termination amount) in accordance with the terms of the relevant Master Issuer swap agreement;
 - (ii) *pro rata* and *pari passu*, to pay interest due and payable (if any) on the related series and class (or sub-class) of class M notes on such interest payment date;

- (g) *then*, from amounts (excluding principal) received by the Master Issuer from Funding in respect of each BBB term advance (and, in respect of (ii) below, the amounts (if any), excluding principal, received from the Master Issuer swap provider(s) under the Master Issuer swap agreement(s) in respect of the related series and class (or sub-class) of Master Issuer notes):
- (i) to pay the amounts due and payable to the relevant Master Issuer swap provider(s) (if any) in respect of the related series and class (or sub-class) of class C notes (including any termination payment, but excluding any Master Issuer swap excluded termination amount) in accordance with the terms of the relevant Master Issuer swap agreement;
 - (ii) *pro rata* and *pari passu*, to pay interest due and payable (if any) on the related series and class (or sub-class) of class C notes on such interest payment date;
- (h) *then*, from amounts (excluding principal) received by the Master Issuer from Funding in respect of each NR term advance (and, in respect of (ii) below, the amounts (if any), excluding principal, received from the Master Issuer swap provider(s) under the Master Issuer swap agreement(s) in respect of the related series and class (or sub-class) of Master Issuer notes):
- (i) to pay the amounts due and payable to the relevant Master Issuer swap provider(s) (if any) in respect of the related series and class (or sub-class) of class Z notes (including any termination payment, but excluding any Master Issuer swap excluded termination amount) in accordance with the terms of the relevant Master Issuer swap agreement;
 - (ii) *pro rata* and *pari passu*, to pay interest due and payable (if any) on the related series and class (or sub-class) of class Z notes on such interest payment date;
- (i) *then*, in no order of priority between them but in proportion to the respective amounts due, to pay to each Master Issuer swap excluded termination amount due to a Master Issuer swap provider;
- (j) *then*, [Reserved]; and
- (k) *then*, to pay any remaining amount to Funding pursuant to the master intercompany loan agreement.

Distribution of Master Issuer revenue receipts after enforcement of the Master Issuer security but prior to enforcement of the Funding security

Following enforcement of the Master Issuer security under the Master Issuer deed of charge, but prior to enforcement of the Funding security under the Funding deed of charge, the Master Issuer security trustee will apply Master Issuer revenue receipts in the same order of priority as set out in "**Distribution of Master Issuer revenue receipts**" except that:

- in addition to the amounts due to the Master Issuer security trustee under paragraph (a) of "**Distribution of Master Issuer revenue receipts—Distribution of Master Issuer revenue receipts prior to enforcement of the Master Issuer security**", Master Issuer revenue receipts will be applied to pay amounts due to any receiver appointed by the Master Issuer security trustee together with interest and any amount in respect of VAT on those amounts, and to provide for any amounts due or to become due to the receiver during the following interest period; and
- the Master Issuer security trustee will not be required to pay amounts due to any entity which is not a Master Issuer secured creditor.

Distribution of Funding available principal receipts prior to enforcement of the Funding security or the occurrence of a trigger event or enforcement of the Master Issuer security

Definition of Funding available principal receipts

Funding available principal receipts will be calculated by the cash manager on the business day prior to each interest payment date and will be an amount equal to the sum of:

- all Funding principal receipts to be received by Funding during the interest period ending on the relevant interest payment date and any other amounts standing to the credit of the Funding principal ledger;
- all Funding principal receipts standing to the credit of the cash accumulation ledger;
- the amount, if any, to be credited to the principal deficiency ledger pursuant to items (f), (h), (j), (l) and (q) in "**Distribution of Funding available revenue receipts—Distribution of Funding available revenue receipts prior to enforcement of the Funding security**" on the relevant interest payment date;
- prior to enforcement of the Funding security and to be applied only in respect of the first reserve fund term advances, the amount then standing to the credit of the first reserve ledger (but less any amounts applied or to be applied on the relevant interest payment date in payment of interest and other revenue expenses as set out in items (a) to (m) (inclusive) of the Funding pre-enforcement revenue priority of payments); and
- prior to enforcement of the Funding security or the occurrence of an asset trigger event and to be applied only in respect of Funding liquidity reserve fund term advances, the amount then standing to the credit of the Funding liquidity reserve ledger (but less any amounts applied or to be applied on the relevant date in payment of interest and other revenue expenses as set out in items (a) to (m) (inclusive) of the Funding pre-enforcement revenue priority of payments),

less

- the amount of Funding principal receipts (if any) to be applied on the relevant interest payment date to pay items (a) to (e) (inclusive), (g), (i) and (k) of the Funding pre-enforcement revenue priority of payments.

Non bullet Funding principal amounts which cannot be withdrawn from the Santander A-2/P-2/F2 account (including, without limitation, in the event of moratorium on insolvency, bank insolvency, administration or bank administration of Santander UK, or Santander UK being unable to pay these amounts) shall cease to constitute Funding available principal receipts and shall not be available to be applied in accordance with the relevant priority of payments (see "**Cash management for the mortgages trustee and Funding—Deposits with eligible banks in accordance with panel bank guidelines**" for a description of the circumstances when monies will be deposited in the Santander A-2/P-2/F2 account).

For the avoidance of doubt, the amount standing to the credit of the first reserve ledger and the Funding liquidity reserve ledger may be applied after the payments described in items (i) (ii) and (iii) under "**General rules**" below have been made.

Further, for the avoidance of doubt, the amounts that may be applied from the first reserve ledger in respect of the first reserve fund term advances may be applied when such first reserve fund term advances fall due and on each interest payment date thereafter until such first reserve term advances have been repaid in full.

Rules for application of Funding available principal receipts and Funding principal receipts

The Funding deed of charge sets out certain rules for the application by Funding, or the cash manager on its behalf, of the Funding available principal receipts on each interest payment date. For the purposes of the principles described in the rules below:

- (a) an amount will become due and payable in respect of a bullet term advance in an amount equal to the relevant bullet amount on the scheduled repayment date for that bullet term advance which falls on that interest payment date (ignoring for the purposes of this definition any provisions deferring payment if Funding has insufficient funds to pay such amount on such interest payment date);
- (b) an amount will become due and payable in respect of a scheduled amortisation term advance in an amount equal to the applicable scheduled amortisation amount due on the scheduled repayment date for that scheduled amortisation term advance which falls on that interest payment date (ignoring for the purposes of this definition any provisions deferring payment if Funding has insufficient funds to pay such amount on such interest payment date); and
- (c) an amount will become due and payable on an interest payment date specified in the relevant final terms in respect of any pass-through term advance in an amount equal to the principal balance of such pass-through term advance.

The rules are as follows:

General rules

On each interest payment date, prior to the occurrence of a trigger event or enforcement of the Funding security, Funding or the cash manager on its behalf will apply Funding available principal receipts:

- (i) *first*, to replenish the first reserve fund to the extent only that monies have been drawn from the first reserve fund to make scheduled principal repayments on the first reserve fund term advances;
- (ii) *then*, if the Funding liquidity reserve fund has been established, after the application of Funding available revenue receipts, to fund or replenish the Funding liquidity reserve fund up to the amount of the Funding liquidity reserve required amount;
- (iii) *then*, to repay any AAA term advances which are bullet term advances and/or scheduled amortisation term advances that are then due and payable *provided that*, if on any interest payment date amounts are due and payable under more than one AAA term advance (which is a bullet term advance or scheduled amortisation term advance, whether in respect of the current intercompany loan, the previous intercompany loans or any new intercompany loan), Funding will apply Funding available principal receipts to repay the AAA term advances (which are bullet term advances or scheduled amortisation term advances) with the earliest final maturity date and then the next earliest, and so on. If, in this instance, any AAA term advances (which are bullet term advances or scheduled amortisation term advances) have the same final maturity date, then Funding will apply Funding available principal receipts to repay those AAA term advances in no order of priority between them but in proportion to the respective amounts due;
- (iv) *then*, to maintain in the cash accumulation ledger an amount equal to the greater of zero and an amount equal to:

$$A - B$$

where:

A = the amount standing to the credit of the cash accumulation ledger immediately prior to such interest payment date, and

B = the amounts applied to repay the bullet term advances and scheduled amortisation term advances repaid under item (iii) above; and

- (v) *then*, to repay any AAA term advances which are pass-through term advances that are then due and payable, provided that, if on any interest payment date amounts are due and payable under more than one AAA term advance which are pass-through term advances, Funding will apply Funding available principal receipts to repay the AAA term advance which is a pass-through term advance with the earliest final maturity date and then the next earliest, and so on. If, in this instance, any AAA term advances which are pass-through term advances have the same final maturity date, then Funding will apply Funding available principal receipts to repay those AAA term advances in no order of priority between them but in proportion to the respective amounts due;
- (vi) *then*, subject to a stopper to the payment of term advances ranking below AAA (as defined below) not applying and subject to the repayment tests described below, to repay (i) all other outstanding term advances which are then due and payable in order of priority of their respective term advance ratings (first the term advances with the highest term advance rating, and thereafter the term advances with the next highest term advance rating, and so on, down to the term advances with the lowest term advance rating) (being, for the avoidance of doubt the term NR advance)) and (ii) the Funding loan. Provided that (i) the Funding Loan ranks *pro rata* and *pari passu* with the term NR advances (according to the respective amounts outstanding of each term NR advance) and (ii) regarding term advances with the same ratings, Funding will apply Funding available principal receipts to repay term advances with the earliest final maturity date and then the next earliest, and so on. If, in this instance, any term advances with the same ratings have the same final maturity date, then Funding will apply Funding available principal receipts to repay them in no order of priority between them but in proportion to the respective amounts due; and
- (vii) *then*, following application of the Funding available principal receipts in accordance with these general rules, any remaining Funding available principal receipts shall remain in the Funding principal ledger.

Stoppers to the payment of term advances ranking below the most senior notes outstanding

If, as at the relevant interest payment date, prior to the occurrence of a trigger event or enforcement of the Funding security:

- (a) after the application of Funding available revenue receipts on such interest payment date, a principal loss has been recorded on the principal deficiency ledger in respect of any of the BBB term advances, the A term advances or the AA term advances under any intercompany loan; or
- (b) monies standing to the credit of the first reserve fund have been used, on or prior to the relevant interest payment date, to cure a principal deficiency in respect of any of the BBB term advances and/or the A term advances and/or the AA term advances under any intercompany loan, and the first reserve fund has not been replenished by a corresponding amount on the relevant interest payment date; or
- (c) the aggregate outstanding principal balance of loans in the mortgages trust, in respect of which the aggregate amount in arrears is more than three times the monthly payment then due, is more than 5 per cent. of the aggregate outstanding principal balance of loans in the mortgages trust,

(each such event described in (a) to (c) inclusive above, being a **stopper**) then any NR term advances, any BBB term advances, any A term advances or any AA term advances which are due and payable (whether in respect of the current intercompany loan, the previous intercompany loans or any new intercompany loan) will not be entitled to receive principal repayments until (i) the relevant stoppers described in (a), (b) and (c) above have been cured or otherwise cease to exist; or (ii) in respect of each term advance, unless no immediately higher ranking term advances are outstanding, provided that if Funding receives a refinancing contribution or the proceeds of a new intercompany loan which are to be used to refinance another

intercompany loan (or part thereof), then the relevant stoppers described in (a), (b) and (c) above shall not apply and such refinancing contribution or proceeds of a new intercompany loan shall be used to refinance the relevant intercompany loan (or part thereof).

Repayment tests

On an interest payment date in respect of which principal in respect of any term advance is scheduled to be paid:

- for any AA term advance, the amount of principal due (or any part thereof) in respect of the AA term advance may only be paid if, after giving effect to such payment and the payment to be made on such date in respect of the related series and class (or sub-class) of Master Issuer notes, the class A available subordinated amount is at least equal to the class A required subordinated amount;
- for any A term advance, the amount of principal due (or any part thereof) in respect of the A term advance may only be paid if, after giving effect to such payment and the payment to be made on such date in respect of the related series and class (or sub-class) of Master Issuer notes, the class A available subordinated amount is at least equal to the class A required subordinated amount and the class B available subordinated amount is at least equal to the class B required subordinated amount;
- for any BBB term advance, the amount of principal due (or any part thereof) in respect of the BBB term advance may only be paid if, after giving effect to such payment and the payment to be made on such date in respect of the related series and class (or sub-class) of Master Issuer notes, the class A available subordinated amount is at least equal to the class A required subordinated amount, the class B available subordinated amount is at least equal to the class B required subordinated amount and the class M available subordinated amount is at least equal to the class M required subordinated amount;
- for any NR term advance, the amount of principal due (or any part thereof) in respect of the NR term advance may only be paid if, after giving effect to such payment and the payment to be made on such date in respect of the related series and class (or sub-class) of Master Issuer notes: (i) the class A available subordinated amount is at least equal to the class A required subordinated amount, the class B available subordinated amount is at least equal to the class B required subordinated amount, the class M available subordinated amount is at least equal to the class M required subordinated amount and the class C available subordinated amount is at least equal to the class C required subordinated amount, and (ii) to the extent that to do so would not cause the outstanding principal amount of term NR advances to fall below the balance of the NR principal deficiency sub-ledger,

save that:

- (i) to the extent that a partial repayment may be made in respect of a term advance without causing a breach of any of the above repayment tests, such partial repayment may be made; and
- (ii) on any date, in calculating the class A available subordinated amount, the class B available subordinated amount, the class M available subordinated amount and the class C available subordinated amount for such date for the purposes of the above:
 - (A) stressed excess spread will be deemed to be zero; and
 - (B) references to the "**aggregate amount of the first reserve fund**" in the relevant definition of available subordinated amount in respect of the relevant class of Master Issuer notes (as set out under "**The issuance of Master Issuer notes**") shall instead be deemed to be an amount calculated as being the greater of either (i) the amount standing to the credit of the first reserve fund on the date that such calculation is made and (ii) if on any interest payment date since the most recent interest payment date (the **reference date**) on which the amount standing to the credit of the first reserve

fund was at least equal to the first reserve fund required amount, the amount standing to the credit of the first reserve fund has been less than the amount standing to the credit of the first reserve fund on any preceding interest payment date from and including the reference date, the first reserve fund required amount on such date.

See "**The issuance of Master Issuer notes**" for a description of the various required subordinated amounts and available subordinated amounts.

Repayment of term advances of each series following the occurrence of a non-asset trigger event prior to enforcement of the Master Issuer security or the Funding security

Following the occurrence of a non-asset trigger event under the mortgages trust deed but prior to enforcement of the Funding security by the security trustee under the Funding deed of charge or the Master Issuer security under the Master Issuer deed of charge, the bullet term advances and the scheduled amortisation term advances in respect of any intercompany loan will be deemed to be pass-through term advances and on each interest payment date Funding will be required to apply Funding available principal receipts in the following order of priority, replenishing the first reserve fund (to the extent only that money has been drawn from the first reserve fund to make scheduled principal repayments) and then funding or replenishing the Funding liquidity reserve fund up to the Funding liquidity reserve required amount:

- *first*, to repay the term AAA advance with the earliest final maturity date, then to repay the term AAA advance with the next earliest final maturity, and so on until the AAA term advances in respect of the current intercompany loan, the previous intercompany loans and any new intercompany loans are fully repaid;
- *then*, in no order of priority between them but in proportion to the amounts due, to repay the AA term advances in respect of the current intercompany loan, the previous intercompany loans and any new intercompany loans, until those AA term advances are fully repaid;
- *then*, in no order of priority between them but in proportion to the amounts due, to repay the A term advances in respect of the current intercompany loan, the previous intercompany loans and any new intercompany loans, until those A term advances are fully repaid;
- *then*, in no order of priority between them but in proportion to the amounts due, to repay the BBB term advances in respect of the current intercompany loan, the previous intercompany loans and any new intercompany loans, until those BBB term advances are fully repaid; and
- *then*, in no order of priority between them but in proportion to the amounts due, to repay (i) the Funding loan to the extent due and payable and (ii) the NR term advances in respect of the current intercompany loan, the previous intercompany loans and any new intercompany loans, until those NR term advances are fully repaid.

Repayment of term advances of each series following the occurrence of an asset trigger event prior to enforcement of the Master Issuer security or the Funding security

Following the occurrence of an asset trigger event but prior to enforcement by the security trustee of the Funding security under the Funding deed of charge or the Master Issuer security under the Master Issuer deed of charge, the bullet term advances and the scheduled amortisation term advances in respect of any intercompany loan will be deemed to be pass-through term advances and on each interest payment date Funding will be required to apply Funding available principal receipts in the following order of priority (replenishing the first reserve fund (to the extent only that money has been drawn from the first reserve fund to make scheduled principal repayments) *and then* funding or replenishing the Funding liquidity reserve fund up to the Funding liquidity reserve required amount):

- *first*, in no order of priority between them, but in proportion to the amounts due, to repay the AAA term advances in respect of the current intercompany loan, the previous intercompany loans and any new intercompany loans, until each of those AAA term advances is fully repaid;

- *then*, in no order of priority between them, but in proportion to the amounts due, to repay the AA term advances in respect of the current intercompany loan, the previous intercompany loans and any new intercompany loans, until each of those AA term advances is fully repaid;
- *then*, in no order of priority between them but in proportion to the amounts due, to repay the A term advances in respect of the current intercompany loan, the previous intercompany loans and any new intercompany loans, until those A term advances are fully repaid;
- *then*, in no order of priority between them, but in proportion to the amounts due, to repay the BBB term advances in respect of the current intercompany loan, the previous intercompany loans and any new intercompany loans, until each of those BBB term advances is fully repaid; and
- *then*, in no order of priority between them, but in proportion to the amounts due, to repay (i) the Funding loan to the extent due and payable and (ii) the NR term advances in respect of the current intercompany loan, the previous intercompany loans and any new intercompany loans, until each of those NR term advances is fully repaid.

Repayment of term advances of each series following enforcement of the Master Issuer security

If the Master Issuer security is enforced by the Master Issuer security trustee under the Master Issuer deed of charge, then that will not result in automatic enforcement of the Funding security under the Funding deed of charge. In those circumstances, however, the bullet term advances and the scheduled amortisation advances under the master intercompany loan (only) will be deemed to be pass-through term advances and Funding will be required to apply Funding available principal receipts on each interest payment date in the following order of priority, replenishing the first reserve fund (to the extent only that money has been drawn from the first reserve fund to make scheduled principal repayments) *and then* funding or replenishing the Funding liquidity reserve fund up to the Funding liquidity reserve required amount:

- *first*, in no order of priority between them, but in proportion to the amounts due, to repay the AAA term advances until each of those advances is fully repaid;
- *then*, in no order of priority between them, but in proportion to the amounts due, to repay the AA advances until each of those advances is fully repaid;
- *then*, in no order of priority between them, but in proportion to the amounts due, to repay the A term advances until each of those advances is fully repaid;
- *then*, in no order of priority between them, but in proportion to the amounts due, to repay the BBB term advances until each of those advances is fully repaid; and
- *then*, in no order of priority between them, but in proportion to the amounts due, to repay the NR term advances until each of those advances is fully repaid.

Distribution of Master Issuer principal receipts

Definition of Master Issuer principal receipts

Prior to enforcement of the Master Issuer security, **Master Issuer principal receipts** will be calculated by the Master Issuer cash manager four business days prior to each interest payment date and will be an amount equal to the sum of all principal amounts to be repaid by Funding to the Master Issuer under the master intercompany loan during the relevant interest period.

Following enforcement of the Master Issuer security, but prior to enforcement of the Funding security, **Master Issuer principal receipts** means the sum calculated by the Master Issuer security trustee four business days prior to each interest payment date as the amount to be repaid by Funding to the Master Issuer under the master intercompany loan during the relevant interest period and/or the sum otherwise recovered by the Master Issuer security trustee (or the receiver appointed on its behalf) representing the principal balance of the Master Issuer notes.

Distribution of Master Issuer principal receipts prior to enforcement of the Master Issuer security

Prior to enforcement of the Master Issuer security, the Master Issuer, or the Master Issuer cash manager on its behalf, will apply any Master Issuer principal receipts, on each interest payment date, in the following manner:

Class A notes

- from principal amounts received by the Master Issuer from Funding in respect of each AAA term advance (and in respect of (ii) below, the principal amounts received (if any) from the Master Issuer swap providers under the relevant Master Issuer swap agreements in respect of the related series and class (or sub-class) of Master Issuer notes):
 - (i) to pay amounts due and payable (in respect of principal) on such interest payment date to the relevant Master Issuer swap providers in respect of the related series and class (or sub-class) of class A notes in accordance with the terms of the relevant Master Issuer swap agreements; and
 - (ii) to pay amounts due and payable in respect of principal (if any) on such interest payment date on the related series and class (or sub-class) of class A notes.

Class B notes

- from principal amounts received by the Master Issuer from Funding in respect of each AA term advance (and in respect of (i) below, the principal amounts received (if any) from the Master Issuer swap providers under the relevant Master Issuer swap agreements in respect of the related series and class (or sub-class) of Master Issuer notes):
 - (i) to pay amounts due and payable (in respect of principal) on such interest payment date to the relevant Master Issuer swap providers in respect of the related series and class (or sub-class) of class B notes in accordance with the terms of the relevant Master Issuer swap agreements; and
 - (ii) to pay amounts due and payable in respect of principal (if any) on such interest payment date on the related series and class (or sub-class) of class B notes.

Class M notes

- from principal amounts received by the Master Issuer from Funding in respect of each A term advance (and in respect of (i) below, the principal amounts received (if any) from the Master Issuer swap providers under the relevant Master Issuer swap agreements in respect of the related series and class (or sub-class) of Master Issuer notes):
 - (i) to pay amounts due and payable (in respect of principal) on such interest payment date to the relevant Master Issuer swap providers in respect of the related series and class (or sub-class) of class M notes in accordance with the terms of the relevant Master Issuer swap agreements; and
 - (ii) to pay amounts due and payable in respect of principal (if any) on such interest payment date on the related series and class (or sub-class) of class M notes.

Class C notes

- from principal amounts received by the Master Issuer from Funding in respect of each BBB term advance (and in respect of (ii) below, the principal amounts received (if any) from the Master Issuer swap providers under the relevant Master Issuer swap agreements in respect of the related series and class (or sub-class) of Master Issuer notes):
 - (i) to pay amounts due and payable (in respect of principal) on such interest payment date to the relevant Master Issuer swap providers in respect of the related series and

class (or sub-class) of class C notes in accordance with the terms of the relevant Master Issuer swap agreements; and

- (ii) to pay amounts due and payable in respect of principal (if any) on such interest payment date on the related series and class (or sub-class) of class C notes.

Class Z notes

- from principal amounts received by the Master Issuer from Funding in respect of each NR term advance (and in respect of (ii) below, the principal amounts received (if any) from the Master Issuer swap providers under the relevant Master Issuer swap agreements in respect of the related series and class (or sub-class) of Master Issuer notes):
 - (i) to pay amounts due and payable (in respect of principal) on such interest payment date to the relevant Master Issuer swap providers in respect of the related series and class (or sub-class) of class Z notes in accordance with the terms of the relevant Master Issuer swap agreements; and
 - (ii) to pay amounts due and payable in respect of principal (if any) on such interest payment date on the related series and class (or sub-class) of class Z notes.

Distribution of Master Issuer principal receipts following enforcement of the Master Issuer security but prior to enforcement of the Funding security

The Master Issuer deed of charge sets out the order of priority of distribution of Master Issuer principal receipts received or recovered by the Master Issuer security trustee (or a receiver appointed on its behalf) following enforcement of the Master Issuer security but prior to enforcement of the Funding security. In these circumstances, the Master Issuer security trustee will apply Master Issuer principal receipts on each interest payment date to repay the Master Issuer notes in the following manner:

- *first*, in no order of priority between them, but in proportion to the amounts due, in respect of each AAA term advance (and in respect of (ii) below, the principal receipts received (if any) from the Master Issuer swap providers under the relevant Master Issuer swap agreements in respect of the related series and class (or sub-class) of Master Issuer notes):
 - (i) to pay amounts due and payable (in respect of principal) on such interest payment date to the relevant Master Issuer swap providers in respect of the related series and class (or sub-class) of class A notes in accordance with the terms of the relevant Master Issuer swap agreements; and
 - (ii) to pay amounts due and payable in respect of principal (if any) on such interest payment date on the related series and class (or sub-class) of class A notes;
- *then*, in no order of priority between them, but in proportion to the amounts due, in respect of each AA term advance (and in respect of (ii) below, the principal receipts received (if any) from the Master Issuer swap providers under the relevant Master Issuer swap agreements in respect of the related series and class (or sub-class) of Master Issuer notes):
 - (i) to pay amounts due and payable (in respect of principal) on such interest payment date to the relevant Master Issuer swap providers in respect of the related series and class (or sub-class) of class B notes in accordance with the terms of the relevant Master Issuer swap agreements; and
 - (ii) to pay amounts due and payable in respect of principal (if any) on such interest payment date on the related series and class (or sub-class) of class B notes;
- *then*, in no order of priority between them, but in proportion to the amounts due, in respect of each A term advance (and in respect of (ii) below, the principal receipts received (if any) from the Master Issuer swap providers under the relevant Master Issuer swap agreements in respect of the related series and class (or sub-class) of Master Issuer notes):

- (i) to pay amounts due and payable (in respect of principal) on such interest payment date to the relevant Master Issuer swap providers in respect of the related series and class (or sub-class) of class M notes in accordance with the terms of the relevant Master Issuer swap agreements; and
- (ii) to pay amounts due and payable in respect of principal (if any) on such interest payment date on the related series and class (or sub-class) of class M notes;
- *then*, in no order of priority between them, but in proportion to the amounts due, in respect of each BBB term advance (and in respect of (ii) below, the principal receipts received (if any) from the Master Issuer swap providers under the relevant Master Issuer swap agreements in respect of the related series and class (or sub-class) of Master Issuer notes):
 - (i) to pay amounts due and payable (in respect of principal) on such interest payment date to the relevant Master Issuer swap providers in respect of the related series and class (or sub-class) of class C notes in accordance with the terms of the relevant Master Issuer swap agreements; and
 - (ii) to pay amounts due and payable in respect of principal (if any) on such interest payment date on the related series and class (or sub-class) of class C notes;
- *then*, in no order of priority between them, but in proportion to the amounts due, in respect of each NR term advance (and in respect of (ii) below, the principal receipts received (if any) from the Master Issuer swap providers under the relevant Master Issuer swap agreements in respect of the related series and class (or sub-class) of Master Issuer notes):
 - (i) to pay amounts due and payable (in respect of principal) on such interest payment date to the relevant Master Issuer swap providers in respect of the related series and class (or sub-class) of class Z notes in accordance with the terms of the relevant Master Issuer swap agreements; and
 - (ii) to pay amounts due and payable in respect of principal (if any) on such interest payment date on the related series and class (or sub-class) of class Z notes.

Distribution of Funding principal receipts and Funding revenue receipts following enforcement of the Funding security

The Funding deed of charge sets out the order of priority of distribution as at the closing date by the security trustee, following service of an intercompany loan acceleration notice, of amounts received or recovered by the security trustee or a receiver appointed on its behalf. If Funding enters into new intercompany loan agreements, then this order of priority may change – see "**Security for Funding's obligations**".

The security trustee will apply amounts received or recovered following enforcement of the Funding security on each interest payment date in accordance with the following order of priority (except for amounts due to the account banks under the bank account agreement, which will be paid when due):

- (a) *first*, in no order of priority between them but in proportion to the respective amounts due, to pay amounts due to:
 - the security trustee and any receiver appointed by the security trustee, together with interest and any amount in respect of VAT on those amounts, and to provide for any amounts due or to become due to the security trustee and the receiver in the following interest period under the Funding deed of charge; and
 - the Master Issuer in respect of the Master Issuer's obligations specified in items (a) to (b) of the Master Issuer post enforcement priority of payments;
- (b) *then*, towards payment of amounts due and payable to the cash manager and any costs, charges, liabilities and expenses then due or to become due and payable to the cash manager

under the cash management agreement, together with any amount in respect of VAT on those amounts;

- (c) *then*, in no order of priority between them but in proportion to the respective amounts due, towards payment of amounts (if any) due to the account banks under the terms of the bank account agreement and to the corporate services provider under the corporate services agreement;
- (d) *then*, towards payment of amounts (if any) due to the Funding swap provider under the Funding swap agreement (except for any termination payments due and payable by Funding under the Funding swap agreements following a Funding swap provider default);
- (e) *then*, in no order of priority between them but in proportion to the respective amounts due, towards payments of interest and principal due and payable on the AAA term advances outstanding under the intercompany loans;
- (f) *then*, in no order of priority between them but in proportion to the respective amounts due, towards payments of interest and principal due and payable on the AA term advances outstanding under the intercompany loans;
- (g) *then*, in no order of priority between them but in proportion to the respective amounts due, towards payments of interest and principal due and payable on the A term advances outstanding under the intercompany loans;
- (h) *then*, in no order of priority between them but in proportion to the respective amounts due, towards payments of interest and principal due and payable on the BBB term advances outstanding under the intercompany loans;
- (i) *then*, in no order of priority between them but in proportion to the respective amounts due, towards payments of interest and principal due and payable on (i) the Funding loan to the extent due and payable and (ii) the NR term advances outstanding under the intercompany loans;
- (j) *then*, towards payment of any amounts due to the Master Issuer in respect of its obligations (if any) to make a termination payment to an existing swap provider (but excluding any payment due to a relevant existing swap provider following an existing swap provider default or any existing swap provider downgrade termination event);
- (k) *then*, in no order of priority between them but in proportion to the respective amounts due, to pay:
 - amounts due to the Master Issuer in respect of its obligations to pay any termination payment to an existing swap provider following an existing swap provider default or any existing swap provider downgrade termination event;
 - any other amounts due to the Master Issuer under the master intercompany loan agreement and not otherwise provided for earlier in this order of priorities; and
 - after the occurrence of a Funding swap provider default, towards payment of any termination payment due and payable by Funding under the Funding swap;
- (l) *then*, in no order of priority between the start-up loan agreements but in proportion to the respective amounts due, towards payment of amounts due pay:
 - (a) the interest amounts due to all start-up loan providers under the start-up loan agreements; and thereafter
 - (b) the principal amounts due to all start-up loan providers under the start-up loan agreements;

- (m) *then*, towards payment of any postponed deferred consideration due to the seller pursuant to the terms of the mortgage sale agreement;
- (n) *then*, in and toward payment of an amount equal to £1,250 which shall be retained by Funding as profit in each accounting period or distributed by it by way of dividends to its shareholders; and
- (o) *last*, towards payment of any deferred consideration (other than postponed deferred consideration) due to the seller pursuant to the terms of the mortgage sale agreement.

Collateral in the Funding post enforcement priority of payments

Any amount of collateral provided to Funding by the Funding swap provider shall not be applied in accordance with the above priority of payments, except to the extent that, following the early termination of the Funding swap due to an event of default:

- the value of the collateral is applied against an amount equal to the termination amount that would have been payable by the Funding swap provider had the collateral not been provided; and
- such amounts (which, for the avoidance of doubt, shall not exceed the amount equal to the termination amount that would have been payable by the Funding swap provider had the collateral not been provided) are not applied by Funding towards the costs of entering into a replacement swap.

Any collateral not applied in accordance with the foregoing shall be returned to the Funding swap provider.

Distribution of Master Issuer principal receipts and Master Issuer revenue receipts following enforcement of the Master Issuer security and enforcement of the Funding security

If the Funding security is enforced under the Funding deed of charge, then there will be an automatic enforcement of the Master Issuer security under the Master Issuer deed of charge. The Master Issuer deed of charge sets out the order of priority of distribution by the Master Issuer security trustee, following enforcement of the Master Issuer security and enforcement of the Funding security (known as the **Master Issuer post enforcement priority of payments**), of amounts received or recovered by the Master Issuer security trustee (or a receiver appointed on its behalf) (a) on each interest payment date or (b) when due in respect of amounts due to the Master Issuer account banks under the Master Issuer bank account agreement under paragraph (b) below, the Master Issuer security trustee will apply amounts received or recovered following enforcement of the Master Issuer security as follows:

- (a) *first*, in no order of priority between them but in proportion to the respective amounts due, to pay amounts due to:
 - the Master Issuer security trustee and any receiver appointed by the Master Issuer security trustee together with interest and any amount in respect of VAT on those amounts and any amounts then due or to become due to the Master Issuer security trustee and the receiver under the provisions of the Master Issuer deed of charge;
 - the note trustee together with interest and any amount in respect of VAT on those amounts and any amounts then due or to become due and payable to the note trustee under the provisions of the trust deed; and
 - the agent bank, the paying agents, the registrar and the transfer agent together with interest and any amount in respect of VAT on those amounts and any costs, charges, liabilities and expenses then due or to become due and payable to them under the provisions of the Master Issuer paying agent and agent bank agreement;
- (b) *then*, in no order of priority between them but in proportion to the respective amounts due, towards payment of amounts (together with any amount in respect of VAT on those amounts)

due and payable to the Master Issuer cash manager under the Master Issuer cash management agreement and to the corporate services provider under the Master Issuer corporate services agreement and to the Master Issuer account banks under the Master Issuer bank account agreement;

- (c) *then*, in no order of priority between them but in proportion to the respective amounts due, to pay amounts due to the Master Issuer swap providers for each series of class A notes (except for any termination payments due and payable to a Master Issuer swap provider as a result of a Master Issuer swap provider default or a downgrade termination event) and from amounts received from the Master Issuer swap providers to pay interest due or overdue on, and to repay principal of, the applicable series of class A notes;
- (d) *then*, in no order of priority between them but in proportion to the respective amounts due, to pay amounts due to the Master Issuer swap providers for each series of class B notes (except for any termination payments due and payable to a Master Issuer swap provider as a result of a Master Issuer swap provider default or a downgrade termination event) and from amounts received from the Master Issuer swap providers to pay interest due or overdue on, and to repay principal of, the applicable series of class B notes;
- (e) *then*, in no order of priority between them but in proportion to the respective amounts due, to pay amounts due to the Master Issuer swap providers for each series of class M notes (except for any termination payments due and payable to a Master Issuer swap provider as a result of a Master Issuer swap provider default or a downgrade termination event) and from amounts received from the Master Issuer swap providers to pay interest due or overdue on, and to repay principal of, the applicable series of class M notes;
- (f) *then*, in no order of priority between them but in proportion to the respective amounts due, to pay amounts due to the Master Issuer swap providers for each series of class C notes (except for any termination payments due and payable to a Master Issuer swap provider as a result of a Master Issuer swap provider default or a downgrade termination event) and from amounts received from the Master Issuer swap providers to pay interest due or overdue on, and to repay principal of, the applicable series of class C notes;
- (g) *then*, in no order of priority between them but in proportion to the respective amounts due, to pay amounts due to the Master Issuer swap providers for each series of class Z notes (except for any termination payments due and payable to a Master Issuer swap provider as a result of a Master Issuer swap provider default or a downgrade termination event) and from amounts received from the Master Issuer swap providers to pay interest due or overdue on, and to repay principal of, the applicable series of class Z notes;
- (h) *then*, in no order of priority between them but in proportion to the respective amounts due, to pay any termination payment due to the Master Issuer swap providers for each series of class A notes following a swap provider default or a downgrade termination event;
- (i) *then*, in no order of priority between them but in proportion to the respective amounts due, to pay to pay any termination payment due to the Master Issuer swap providers for each series of class B notes following a Master Issuer swap provider default or a downgrade termination event;
- (j) *then*, in no order of priority between them but in proportion to the respective amounts due, to pay any termination payment due to the Master Issuer swap providers for each series of class M notes following a Master Issuer swap provider default or a downgrade termination event;
- (k) *then*, in no order of priority between them but in proportion to the respective amounts due, to pay any termination payment due to the Master Issuer swap providers for each series of class C notes following a Master Issuer swap provider default or a downgrade termination event;
- (l) *then*, in no order of priority between them but in proportion to the respective amounts due, to pay any termination payment due to the Master Issuer swap providers for each series of class

Z notes following a Master Issuer swap provider default or a downgrade termination event; and

- (m) *last*, in and towards payment to the Master Issuer of an amount equal to £1,250, to be retained by the Master Issuer as profit in each accounting period.

Collateral in the Master Issuer post-enforcement priority of payments

Any amount of collateral provided to the Master Issuer by any Master Issuer swap provider shall not be applied in accordance with the above priority of payments, except to the extent that, following the early termination of the swap due to an event of default:

- the value of the collateral is applied against an amount equal to the termination amount that would have been payable by the relevant Master Issuer swap provider had the collateral not been provided; and
- such amounts (which, for the avoidance of doubt, shall not exceed the amount equal to the termination amount that would have been payable by the relevant Master Issuer swap provider had the collateral not been provided) are not applied by the Master Issuer towards the costs of entering into a replacement swap.

Any collateral not applied in accordance with the foregoing shall be returned directly to such Master Issuer swap provider.

Modifications to the distribution of funding available principal receipts and funding available revenue receipts

Funding or the cash manager may, at their election, require the note trustee to give its consent (or direct the Master Issuer security trustee to give its consent) to such modifications that are required to accommodate, inter alia, different interest payment dates and/or interest periods for any Master Issuer notes to be issued by the Master Issuer and/or different interest payment dates and/or interest periods in respect of any outstanding Master Issuer term advances under the intercompany loan.

Disclosure of modifications to the priorities of payments

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

CREDIT STRUCTURE

The Master Issuer notes will be an obligation of the Master Issuer only and will not be obligations of, or the responsibility of, or guaranteed by, any other party. However, there are a number of main features of the transaction which enhance the likelihood of timely receipt of payments to noteholders, as follows:

- Funding available revenue receipts are expected to exceed interest and fees payable to the Master Issuer;
- a shortfall in Funding available revenue receipts may be met from Funding's principal receipts;
- the first reserve fund, which was established on 26 July 2000, and which was further funded on 29 November 2000, 23 May 2001, 5 July 2001, 1 April 2004, 8 August 2006, 28 March 2007, 21 December 2007, 10 April 2008 and 19 December 2008 is available to meet shortfalls in interest due on the term advances (other than with respect to any NR term advances) and principal due on the first reserve fund term advances;
- payments of the class Z notes will be subordinated to payments on the class A notes, class B notes, class M notes and class C notes;
- payments of the class C notes will be subordinated to payments on the class A notes, class B notes and class M notes;
- payments of the class M notes will be subordinated to payments on the class A notes and class B notes;
- payments on the class B notes will be subordinated to payments on the class A notes;
- the mortgages trustee GIC account earns interest at the mortgages trustee GIC rate;
- the Funding GIC account earns interest at the Funding GIC rate;
- Funding will be obliged to establish a Funding liquidity reserve fund if the seller ceases to have a long-term unsecured, unsubordinated and unguaranteed credit rating by Moody's of at least A3 (unless Moody's confirms that the current rating of the outstanding Master Issuer rated notes will not be adversely affected by the rating downgrade of the seller); and
- the Funding reserve fund, which was established on 1 April 2004 and will be funded from the excess Funding available revenue receipts after Funding has paid all of its obligations in respect of items ranking higher than item (t) of the Funding pre-enforcement revenue priority of payments on each interest payment date.

Each of these factors is considered more fully in the remainder of this section.

Credit support for the Master Issuer notes provided by Funding available revenue receipts

It is anticipated that, during the life of the Master Issuer notes issued under the programme, the Funding share of the interest received from borrowers on the loans will, assuming that all of the loans are fully performing, be greater than the sum of the interest which the Master Issuer has to pay on all of the current Master Issuer notes and the other costs and expenses of the structure. In other words, it is anticipated that the Funding available revenue receipts would be sufficient to pay the amounts payable under items (a) to (e), (g), (i), (k) and (r) of the Funding pre-enforcement revenue priority of payments.

The actual amount of any excess will vary during the life of the Master Issuer notes. Two of the key factors determining the variation are as follows:

- the interest rate on the portfolio; and

- the level of arrears experienced.

Interest rate on the portfolio

Funding has entered or may enter into swap(s) in relation to the intercompany loans to enable it to swap amounts based on (i) in respect of variable rate loans, the Santander UK SVR applicable to the loans which are subject to variable rates of interest (or, if no Santander UK SVR is applicable to the loans which are subject to variable rates of interest or if the Santander UK SVR is otherwise unavailable, the average of the standard variable mortgage rates or their equivalent charged to existing borrowers on residential mortgage loans as published from time to time, after excluding the highest and the lowest rate, of the reference lenders), (ii) in respect of tracker loans, a rate linked to the Bank of England repo rate and (iii) in respect of fixed rate loans, the weighted average of the fixed rates of interest payable on the fixed rate loans (including capped rate loans that are subject to the specified capped rate of interest), for amounts it receives from the Funding swap counterparty which vary in accordance with the SONIA based rates payable on the intercompany loans, plus a margin expected to cover Funding's obligations to, among others, the Master Issuer. The swap(s) are designed to hedge against the possible variance between the SONIA based rates payable on the intercompany loans and the rates of interest payable on the variable rate loans (including those capped rate loans that are not subject to the specified capped rate of interest), the rates of interest payable on the tracker loans and the fixed rates of interest payable on the fixed rate loans (including those capped rate loans that are subject to the specified capped rate of interest).

The terms of the swaps are described in greater detail below in "**The swap agreements**".

Level of arrears experienced

If the level of arrears of interest payments made by the borrowers results in Funding experiencing an income deficit, Funding will be able to use the following amounts to cure that income deficit:

- *first*, amounts standing to the credit of the first reserve fund, as described in "**—First reserve fund**";
- *second*, amounts standing to the credit of the Funding liquidity reserve fund (if established), as described in "**—Funding liquidity reserve fund**"; and
- *third*, principal receipts, if any, as described in "**—Use of Funding principal receipts to cure a Funding income deficit**",

(provided that the NR term advances do not benefit from any of the above).

Any excess of Funding revenue receipts will be applied on each interest payment date to the extent described in the Funding pre-enforcement revenue priority of payments, including to extinguish amounts standing to the credit of any principal deficiency ledger and to replenish the reserve funds.

Use of Funding principal receipts to cure a Funding income deficit

One business day prior to each interest payment date, the cash manager will calculate whether there will be an excess or a deficit of Funding available revenue receipts (including the reserve funds) to pay items (a) to (e), (g), (i) and (k) of the Funding pre-enforcement revenue priority of payments.

If there is such a Funding income deficit, then Funding shall pay or provide for that deficit by the application of Funding principal receipts, if any, and the cash manager shall make a corresponding entry in the relevant principal deficiency sub-ledger, as described in "**—Principal deficiency ledger**" below.

Funding principal receipts may not be used to pay interest on any term advance if and to the extent that would result in a deficiency being recorded or an existing deficiency being increased, on a principal deficiency sub-ledger relating to a higher ranking term advance.

Funding shall apply any excess Funding available revenue receipts to the extent described in the Funding pre-enforcement revenue priority of payments, including to extinguish any balance on the principal deficiency ledger, as described in "**—Principal deficiency ledger**".

In the event that a Funding income deficit would otherwise arise on an interest payment date, after the application of Funding principal receipts, the amount of mortgages trust available principal receipts to be allocated and paid to Funding on the distribution date immediately preceding such interest payment date shall be increased by an amount equal to the Funding revenue deficit cure amount (for further details, see **“Mortgages trust allocation and distribution of principal receipts prior to the occurrence of a trigger event”**).

First reserve fund

A first reserve fund has been established:

- to help meet any deficit in Funding available revenue receipts (other than with respect to the NR term advances);
- to help meet any deficit recorded on the principal deficiency ledger (other than the NR principal deficiency sub-ledger); and
- prior to enforcement of the Funding security, to help repay principal due on the first reserve fund term advances.

The first reserve ledger is maintained by the cash manager to record the balance from time to time of the first reserve fund.

On each interest payment date the amount of the first reserve fund is added to certain other income of Funding in calculating Funding available revenue receipts.

Prior to enforcement of the Funding security, after meeting any Funding income deficit (other than on the NR term advances) and satisfying any deficit on the principal deficiency ledger (other than with respect to the NR principal deficiency sub-ledger), amounts standing to the credit of the first reserve fund may be used to repay principal due and payable in relation to the first reserve fund term advances on their respective final repayment dates.

The first reserve fund will be replenished from:

- *firstly*, Funding available principal receipts in an amount up to the amount used to repay the first reserve fund term advances (but only if the first reserve fund has been used for this purpose);
- *secondly*, any excess Funding available revenue receipts up to and including an amount equal to the first reserve fund required amount specified in connection with the most recent issuance of notes; and
- *thirdly*, following the occurrence of an arrears trigger event, any Funding available revenue receipts to be paid in accordance with item (o) of the Funding pre-enforcement revenue priority of payments receipts up to and including an amount equal to the first reserve fund additional required amount specified in connection with the most recent issuance of notes.

Funding available revenue receipts will only be applied to replenish the first reserve fund after paying interest due on the term advances and reducing any deficiency on the AAA principal deficiency sub-ledger, the AA principal deficiency sub-ledger, the A principal deficiency sub-ledger and the BBB principal deficiency sub-ledger (see **“Cashflows—Distribution of Funding available revenue receipts—Distribution of Funding available revenue receipts prior to enforcement of the Funding security”**).

The **first reserve fund required amount** means on any interest payment date, (a) while any rated Master Issuer notes remain outstanding, an amount which is the higher of: (1) an amount equal to the first reserve fund percentage (as specified in the most recent final terms) of the aggregate outstanding balance of the rated Master Issuer notes as at such interest payment date; and (2) the first reserve fund minimum amount, or (b) if there are no rated Master Issuer notes outstanding, zero.

The **first reserve fund minimum amount** means the amount designated as such (in the most recent final terms).

The **first reserve fund percentage** means the amount designated as such in the most recent final terms.

The first reserve fund may also be funded from a start-up loan.

Funding reserve fund

A Funding reserve fund was established on 1 April 2004 to fund further the reserve funds in connection with the issuance of new notes by any new issuing entities after such date and, among other things, to fund certain costs and expenses incurred by Funding in connection with subsequent assignments of part of the seller's share of the trust property to it, fees to be paid under new intercompany loans which relate to the costs of issue of new notes, all necessary filing and other fees incurred in ensuring compliance with regulatory requirements and all legal and audit fees and other professional advisory fees.

The Funding reserve fund will be funded from the excess Funding available revenue receipts after Funding has paid all of its obligations in respect of items ranking higher than item (t) of the Funding pre-enforcement revenue priority of payments on each interest payment date. The Funding reserve ledger will be maintained by the cash manager to record the balance of the Funding reserve fund from time to time.

On each interest payment date, the amount of the Funding reserve fund is added to certain other income of Funding in calculating Funding available revenue receipts.

The Funding reserve fund is replenished from any excess Funding available revenue receipts up to the Funding reserve fund required amount, or such other amount as the seller may determine from time to time. The Funding reserve fund required amount in effect at the time of an issuance of notes will be the amount specified as such in the relevant final terms under the heading "**Summary—Funding reserve fund required amount**" and may change at the time of any new issue of notes or as the seller may determine.

The seller may increase, decrease or amend the Funding reserve fund required amount from time to time, without the consent of the security trustee, Funding or the noteholders.

Principal deficiency ledger

A principal deficiency ledger has been established to record:

- any principal losses on the loans allocated to Funding; and/or
- the application of Funding available principal receipts to meet any deficiency in Funding's available revenue receipts (as described in "**—Use of Funding principal receipts to cure a Funding income deficit**"); and/or
- (in the case of the NR principal deficiency sub ledger only) any increase in the mortgages trust available principal receipts allocated and paid to Funding on a distribution date in an amount equal to the Funding revenue deficit cure amount; and/or
- the application of Funding available principal receipts which are allocated to fund the Funding liquidity reserve fund up to the Funding liquidity reserve required amount.

The principal deficiency ledger is split into six sub-ledgers which will each correspond to each of the AAA term advances, the AA term advances, the A term advances, the BBB term advances, the NR term advances and the Funding loan, respectively, as follows:

- the AAA principal deficiency sub-ledger corresponding to all outstanding AAA term advances;
- the AA principal deficiency sub-ledger corresponding to all outstanding AA term advances;
- the A principal deficiency sub-ledger corresponding to all outstanding A term advances;
- the BBB principal deficiency sub-ledger corresponding to all outstanding BBB term advances;
- the NR principal deficiency sub-ledger corresponding to all outstanding term NR advances; and
- the Funding loan principal deficiency sub-ledger corresponding to all outstanding Funding loans.

Losses on the loans and/or the application of Funding available principal receipts to fund the liquidity reserve fund or to pay interest on term advances are recorded as follows:

- *first*, in no order of priority between them but in proportion to the respective amounts due, (i) on the NR principal deficiency sub-ledger until the balance of the NR principal deficiency sub-ledger is equal to the aggregate principal amount outstanding of all term NR advances and (ii) on the Funding loan principal deficiency sub-ledger until the balance of the Funding loan principal deficiency sub-ledger is equal to the aggregate principal amount outstanding of the Funding loan;
- *second*, on the BBB principal deficiency sub-ledger until the balance of the BBB principal deficiency sub-ledger is equal to the aggregate principal amount outstanding of all BBB term advances;
- *third*, on the A principal deficiency sub-ledger until the balance of the A principal deficiency sub-ledger is equal to the aggregate principal amount outstanding of all A term advances;
- *fourth*, on the AA principal deficiency sub-ledger until the balance of the AA principal deficiency sub-ledger is equal to the aggregate principal amount outstanding of all AA term advances; and
- *fifth*, on the AAA principal deficiency sub-ledger, at which point there will be an asset trigger event.

Any excess revenue of Funding as described in "**—Use of Funding principal receipts to cure a Funding income deficit**" is, on each interest payment date, applied to the extent described in the Funding pre-enforcement revenue priority of payments as follows:

- *first*, provided that interest due on the AAA term advances has been paid, in an amount necessary to reduce to zero the balance on the AAA principal deficiency sub-ledger;
- *second*, provided that interest due on the AA term advances has been paid, in an amount necessary to reduce to zero the balance on the AA principal deficiency sub-ledger;
- *third*, provided that interest due on the A term advances has been paid, in an amount necessary to reduce to zero the balance on the A principal deficiency sub-ledger;
- *fourth*, provided that interest due on the BBB term advances has been paid, in an amount necessary to reduce to zero the balance on the BBB principal deficiency sub-ledger; and
- *fifth*, in no order of priority between them but in proportion to the respective amounts due, (i) provided that interest due on the NR term advances has been paid, in an amount necessary to reduce to zero the balance on the NR principal deficiency sub-ledger and (ii) provided that interest due on the Funding loans has been paid, in an amount necessary to reduce to zero the balance on the Funding loan principal deficiency sub-ledger.

Following the creation of new intercompany loan agreements

In general, if Funding borrows a new term advance under a new intercompany loan, and that new term advance does not have a term advance rating of either AAA, AA, A, BBB or NR, then Funding will establish a new principal deficiency sub-ledger. That new principal deficiency sub-ledger will correspond to and be known by the term advance rating of the relevant new term advance.

Losses on the loans and/or the application of Funding available principal receipts to pay interest on the outstanding term advances will first be recorded on the lowest ranking principal deficiency sub-ledger, and then in ascending order of rating priority up to the highest-ranking principal deficiency sub-ledger. Any excess revenue of Funding will be applied to the highest-ranking principal deficiency sub-ledger, in descending order of rating priority down to the lowest ranking principal deficiency sub-ledger.

Master Issuer available funds

On each interest payment date in respect of the master intercompany loan, the Master Issuer will receive from Funding an amount equal to or less than the amount which it needs to pay out on the corresponding interest payment date in respect of the Master Issuer notes in accordance with the Master Issuer pre-enforcement priority of payments. It is not intended that any surplus cash will be accumulated in the Master Issuer.

See also the description of the Master Issuer swaps under "**The swap agreements**".

Priority of payments among the class A notes, the class B notes, the class M notes, the class C notes and the class Z notes

The order of payments of interest to be made on the classes of Master Issuer notes will be prioritised so that interest payments on the class Z notes will be subordinated to interest payments on the class C notes, interest payments on the class C notes will be subordinated to interest payments on the class M notes, interest payments on the class M notes will be subordinated to interest payments on the class B notes and interest payments on the class B notes will be subordinated to interest payments on the class A notes, in each case in accordance with the Master Issuer priority of payments.

Any shortfall in payments of interest on any series of the class B notes and/or the class M notes and/or the class C notes and/or the class Z notes on any interest payment date in respect of such Master Issuer notes will be deferred until the next interest payment date and will accrue interest. On the next interest payment date, the amount of interest due on the relevant class of Master Issuer notes will be increased to take account of any deferred interest. If, on that interest payment date, there is still a shortfall, that shortfall will be deferred again. This deferral process will continue until the final repayment date of the Master Issuer notes, at which point all such deferred amounts of interest (including interest thereon) will be due and payable. However, if there is insufficient money available to the Master Issuer to pay interest on the class B notes or the class M notes or the class C notes or the class Z notes then you may not receive all interest amounts payable on those classes of Master Issuer notes.

The Master Issuer is not able to defer payments of interest due on any interest payment date in respect of the class A notes or (if applicable) the most senior class of Master Issuer notes then outstanding. The failure to pay interest on such Master Issuer notes will be a note event of default.

The class A notes, the class B notes, the class M notes, the class C notes and the class Z notes will be constituted by the trust deed and will share the same security. However, upon enforcement of the Master Issuer security or the occurrence of a trigger event, the class A notes of each series will rank in priority to each series of class B notes, each series of class M notes, each series of class C notes and each series of class Z notes, the class B notes of each series will rank in priority to each series of class M notes, each series of class C notes and each series of class Z notes, the class M notes of each series will rank in priority to each series of class C notes and each series of class Z notes and the class C notes of each series will rank in priority to each series of class Z notes.

Mortgages trustee GIC account/Funding GIC account

All amounts held by the mortgages trustee are deposited in the mortgages trustee GIC account with the mortgages trustee GIC provider. This account is subject to a guaranteed investment contract such that the mortgages trustee GIC provider agrees to pay a variable rate of interest on funds in the mortgages trustee GIC account equal to the mortgages trustee GIC rate.

Amounts held in alternative accounts do not have the benefit of a guaranteed investment contract but following their receipt are transferred into the mortgages trustee GIC account on a regular basis and in any event no later than the next business day after they are deposited in the relevant alternative account.

All amounts distributed to Funding are deposited in the Funding transaction account in the first instance and then, at the instruction of the cash manager, account bank A shall either (i) deposit all or part of such amounts with an eligible bank (in accordance with the panel bank guidelines) (see “**Cash management for the mortgages trustee and Funding—Deposits with eligible banks in accordance with panel bank guidelines**” for further details of the panel bank guidelines), or (ii) credit the Funding GIC account with all or part of such amounts. The Funding GIC account is subject to a guaranteed investment contract such that the Funding GIC provider agrees to pay the Funding GIC rate.

Funding liquidity reserve fund

Funding will be required to establish a liquidity reserve fund if the long-term, unsecured, unsubordinated and unguaranteed debt obligations of the seller cease to be rated at least A3 by Moody's (unless Moody's confirms that the then current ratings of any Master Issuer rated notes then outstanding or any rated debt instruments of a Funding company (if applicable) then outstanding will not be downgraded, withdrawn or qualified as a result of the ratings downgrade).

Prior to enforcement of the Funding security, the Funding liquidity reserve fund may be used to help meet any deficit in Funding available revenue receipts which are allocated to the Master Issuer to pay amounts due on the intercompany loan advanced by the Master Issuer, but only to the extent that such amounts are necessary to fund:

- the payment by any Master Issuer of operating and administrative expenses due and interest due on the relevant interest payment date in respect of any series of class A notes, class B notes, class M notes and/or class C notes issued by such Master Issuer and to help meet any deficit recorded on the principal deficiency ledger in respect of any series of class A notes issued by such Master Issuer; and
- prior to the occurrence of an asset trigger event, the payment of principal in respect of the Funding liquidity reserve fund term advances.

The Funding liquidity reserve fund, if any, will be funded from Funding available revenue receipts in accordance with the Funding pre-enforcement revenue priority of payments and from Funding available principal receipts in accordance with the Funding pre-enforcement principal priority of payments, as applicable. The Funding liquidity reserve fund will be funded or replenished up to the **Funding liquidity reserve required amount**, being an amount as of any interest payment date equal to the excess, if any, of 3 per cent. of the aggregate outstanding balance of the Master Issuer notes on that payment date over amounts standing to the credit of the first reserve fund on that payment date.

The Funding liquidity reserve fund will be deposited in Funding's name in the Funding GIC account into which the first reserve fund is also deposited. All interest or income accrued on the amount of the Funding liquidity reserve fund while on deposit in the Funding GIC account will belong to Funding. The cash manager will maintain a separate Funding liquidity reserve ledger to record the balance from time to time of the Funding liquidity reserve fund.

On each interest payment date prior to enforcement of the Funding security, funds standing to the credit of the Funding liquidity reserve fund will be added to certain other income of Funding in calculating Funding available revenue receipts to make payments due under the intercompany loans.

Once it has been established, the Funding liquidity reserve fund will be funded and replenished from any Funding available revenue receipts or Funding available principal receipts, as applicable. Funding available revenue receipts will only be applied to the Funding liquidity reserve fund after: (i) the payment of interest due on each AAA term advance, AA term advance, A term advance and BBB term advance and the reduction of any deficiency on the principal deficiency sub ledger for each AAA term advance, AA term advance, A term advance and BBB term advance as described in "**Cashflows—Distribution of Funding available revenue receipts prior to enforcement of the Funding security**" and (ii) the payment of principal in respect of the Funding liquidity reserve fund term advances.

Following enforcement of the Funding security, amounts standing to the credit of the Funding liquidity reserve ledger may be applied in making payments of principal due under the term advances.

THE SWAP AGREEMENTS

The following section contains a summary of the material terms of the Funding swap agreements and the Master Issuer swap agreements.

General

Funding has entered into the Funding swap(s) with the Funding swap provider. The Master Issuer has entered into and will enter into Master Issuer swaps with the Master Issuer swap providers. In general, the swaps are designed to do the following:

- Funding swap(s): to hedge against the possible variance between the rates of interest payable on the variable rate loans, the rates of interest payable on the tracker loans and the fixed rates of interest payable on the fixed rate loans (which, for this purpose, includes those capped rate loans then no longer subject to their variable rates of interest but instead subject to interest at their specified capped rates) and the SONIA based rates payable in respect of the intercompany loans;
- Master Issuer swaps: to protect the Master Issuer against certain interest rate and/or currency risks in respect of amounts received by the Master Issuer from Funding under the master intercompany loan agreement and amounts payable by the Master Issuer under each series and class (or sub-class) of Master Issuer notes.

The Funding swap(s)

Some of the loans in the portfolio pay a variable rate of interest for a period of time which may either be linked to the SVR or linked to an interest rate other than the SVR, such as a rate set by the Bank of England. Other loans pay a fixed rate of interest for a period of time. However, the interest rate payable by Funding with respect to the term advances is calculated as a margin over SONIA based rates.

Funding, the Funding swap provider and the security trustee have entered into the Funding swap agreement to provide a hedge against the possible variances between:

- (a) (i) the rates of interest payable on the variable rate loans and (ii) the weighted average of the SONIA based rates (without including any margin) payable under the intercompany loans;
- (b) (i) the rates of interest payable on the tracker loans and (ii) the weighted average of the SONIA based rates (without including any margin) payable under the intercompany loans; and
- (c) (i) the fixed rates of interest payable on the fixed rate loans and (ii) the weighted average of the SONIA based rates (without including any margin) payable under the intercompany loans.

There are eight Funding swaps: one swap relating to the variable rate loans (the **variable rate loans Funding swap**), one swap relating to tracker rate loans (the **tracker rate loans Funding swap**) and six swaps relating to fixed rate loans (the **fixed rate loans Funding swaps**).

The **variable rate loans Funding swaps** provide hedging in respect of variable rate loans from time to time. The variable rate loans Funding swaps provide a hedge against a rate of interest equal to the weighted average of the variable rates of interest charged to borrowers of the relevant loans which are subject to variable rates of interest, on the one hand, and a SONIA based rate on the other hand.

The **tracker rate loans Funding swaps** provide hedging in respect of tracker rate loans from time to time.

The **fixed rate loans Funding swaps** provide hedging in respect of six groups of fixed rate loans from time to time, which have been grouped together by reference to the reset dates or the maturity dates of the fixed rate loans in those groups.

The Funding swaps have notional amounts that are designed, in aggregate, to reflect the principal amount outstanding of all intercompany loans less the balance of the principal deficiency ledger. This is achieved by apportioning this notional amount for each Funding swap by applying: (a) a ratio of the principal amount outstanding of intercompany loans with a SONIA reference rate to the principal amount outstanding of all intercompany loans; and (b) a ratio of the average daily balance of fixed rate loans (in the case of fixed rate loans Funding swaps), variable rate loans (in the case of variable rate loans Funding swaps) or tracker loans (in the case of tracker rate loans Funding swaps) to the average daily balance of the loans.

Under each Funding swap, the following amounts will be calculated:

- in respect of an interest period, an amount equal to the product of:
 - (i) an amount produced by applying the weighted average of the SONIA based rates (without including any margin) payable under the intercompany loans in respect of that interest period plus the weighted average spread in respect of fixed rate loans, tracker loans or variable rate loans (as applicable), to the weighted average notional amount for such Funding swap for such interest period, such amount to be calculated by the calculation agent on the basis of the actual number of days in such interest period, divided by 365 (known as the **swap provider amount**); and
 - (ii) in respect of an interest period, the lesser of:
 - (a) 1; and
 - (b) an amount determined to account for the shortfall between the Funding available revenue receipts in respect of an interest period and other net income received by Funding, other than amounts to be received under the relevant Funding swap (less the interest payable on the relevant payment date, in respect of such interest period, pursuant to items (a) to (c) inclusive of the Funding pre-enforcement revenue priority of payments) divided by the sum of the calculation period Funding amount (as defined below) in respect of all variable rate loans Funding swaps, tracker rate loans Funding swaps or fixed rate loans Funding swaps (as applicable) for calculation periods relating to the relevant interest period.
- in respect of a calculation period, the amount produced by applying a rate equal to either:
 - (i) in the case of the variable rate loans Funding swaps, the weighted average of the variable rates of interest charged to borrowers of relevant variable rate loans; or
 - (ii) in the case of the tracker rate loans Funding swaps, a weighted average tracker rate of interest charged to borrowers of relevant tracker loans; or
 - (iii) in the case of the fixed rate loans Funding swaps, the weighted average of the fixed rates of interest charged to borrowers of relevant fixed rate loans,

for the actual number of days in the relevant calculation period, to the relevant notional amount of each Funding swap for such calculation period, divided by 365 (known as the **calculation period Funding amount**).

On each interest payment date the following amounts will be calculated in respect of a Funding Swap:

- the sum of each of the calculation period Funding amounts (as applicable) calculated for the relevant interest period (the **interest period Funding amount**); and
- the swap provider amount calculated for the relevant interest period, reduced proportionately if the interest period Funding amount is reduced pursuant to the maximum amount described above.

After these two amounts are calculated in relation to an interest payment date in respect of a Funding Swap, the following payments will be made on that interest payment date:

- if the first amount is greater than the second amount, then Funding will pay the difference to the Funding swap provider;
- if the second amount is greater than the first amount, then the Funding swap provider will pay the difference to Funding; and
- if the two amounts are equal, neither party will make a payment to the other.

If a payment is to be made by the Funding swap provider, that payment will be included in the Funding available revenue receipts and will be applied on the relevant interest payment date according to the relevant order of priority of payments of Funding. If a payment is to be made by Funding, it will be made according to the relevant order of priority of payments of Funding.

In the event that any Funding swap is terminated prior to the earlier to occur of the service of any intercompany loan acceleration notice and final repayment of any intercompany loan, Funding shall enter into new Funding swap(s) on terms acceptable to the rating agencies, Funding and the security trustee and with a swap provider whom the rating agencies have previously confirmed in writing to Funding, the Master Issuer and the security trustee will not cause the then current ratings of the outstanding Master Issuer rated notes to be downgraded, withdrawn or qualified. If Funding is unable to enter into new Funding swap(s) on terms acceptable to the rating agencies, Funding and the security trustee, this may adversely affect amounts available to pay interest on the intercompany loans.

The Master Issuer swaps

The term advances under the master intercompany loan agreement are and will be denominated in sterling and interest payable by Funding to the Master Issuer under the term advances is calculated by reference to a SONIA based rate, as specified in the applicable term advance supplement. However, the Master Issuer may (subject to compliance with all applicable legal, regulatory and central bank requirements) issue a series or class (or sub-class) of Master Issuer notes in such currency and at such rate as may be agreed with the relevant dealers. For example, some of the Master Issuer notes may be denominated in euro and accrue interest at either a EURIBOR-based rate for one-month euro deposits, a EURIBOR-based rate for three-month euro deposits or such other rate specified in the relevant final terms. To deal with the potential currency mismatch between (i) its receipts and liabilities in respect of the term advances and (ii) its receipts and liabilities under the Master Issuer notes, the Master Issuer will, pursuant to the terms of the Master Issuer swap agreements in respect of each series, swap its receipts and liabilities in respect of the relevant term advances on terms that match the Master Issuer's obligations under the relevant series of Master Issuer notes. The Master Issuer is a party to a number of Master Issuer swap agreements with Santander UK, as Master Issuer swap provider, and will enter into further Master Issuer swap agreements with Santander UK or such other Master Issuer swap provider(s) as specified in the applicable drawdown prospectus, supplemental prospectus or final terms.

The reference currency notional amount of each Master Issuer currency swap will be the principal amount outstanding under the series of Master Issuer notes to which the relevant Master Issuer swap relates. Subject, in the case of the Master Issuer's obligations under certain classes (or sub-classes) of Master Issuer notes, to certain deferral of interest provisions that will apply when payment of interest under the corresponding Master Issuer notes is deferred in accordance with the terms and conditions of such Master Issuer notes and to the extent that the Master Issuer makes its corresponding payments to the Master Issuer swap providers, the Master Issuer swap providers will pay to the Master Issuer amounts in the specified currency (for example, U.S. dollars or euro) that are equal to the amounts of interest to be paid on each of the classes (or sub-classes) of the Master Issuer notes of the relevant series and the Master Issuer will pay to the Master Issuer swap providers the sterling interest amounts received on the term advances corresponding to the classes (or sub-classes) of Master Issuer notes of the relevant series. In order to allow for the effective currency amount of each Master Issuer swap to amortise at the same rate as the relevant series and class (or sub-class) of Master Issuer notes, each Master Issuer swap agreement will provide that, as and when the Master Issuer notes amortise, a corresponding portion of the currency amount of the relevant Master Issuer swap will amortise. Pursuant to each Master Issuer swap agreement, any portion of Master Issuer swap so amortised will be

swapped from sterling into the specified currency at the specified currency exchange rate for such Master Issuer notes.

On the final maturity date of each class of Master Issuer notes or, if earlier, the date on which such Master Issuer notes are redeemed in full (other than pursuant to **condition 6.5** (Optional Redemption for Tax and other Reasons) or, as applicable and if specified in the relevant final terms, **condition 6.4** (Optional Redemption in Full) under "**Terms and conditions of the notes**"), the relevant Master Issuer swap provider will pay to the Master Issuer an amount in the specified currency, equal to the principal amount outstanding under the relevant Master Issuer notes, and the Master Issuer will pay to the relevant Master Issuer swap provider an equivalent amount in sterling, converted by reference to the specified currency exchange rate for such Master Issuer notes. If the Master Issuer does not have sufficient principal available pursuant to the Master Issuer cash management agreement to pay such amount in full on such date and accordingly pays only a part of such amount to the relevant Master Issuer swap provider, the relevant Master Issuer swap provider will be obliged on such date to pay only the equivalent of such partial amount in the specified currency, in each case converted by reference to the specified currency exchange rate for such Master Issuer notes.

In the event that any Master Issuer swap is terminated prior to the earlier to occur of the service of a note enforcement notice and the final redemption of the relevant series of Master Issuer notes, the Master Issuer cash manager (on behalf of the Master Issuer and the Master Issuer security trustee) shall purchase a replacement Master Issuer swap in respect of that series and class (or sub-class) of Master Issuer notes. Any replacement Master Issuer swap must be on terms acceptable to the rating agencies, the Master Issuer and the Master Issuer security trustee and with a replacement swap provider whom the rating agencies have previously confirmed in writing to the Master Issuer and the Master Issuer security trustee will not cause the then current ratings of the Master Issuer rated notes to be downgraded, withdrawn or qualified. If the Master Issuer is unable to enter into a replacement Master Issuer swap on terms acceptable to the rating agencies, the Master Issuer and the security trustee, this may adversely affect amounts available to pay amounts due under the Master Issuer notes.

Ratings downgrade of swap providers

Under each of the swap agreements, in the event that the relevant rating(s) of a swap provider, or its respective guarantor or co-obligor, as applicable, is or are, as applicable, downgraded by a rating agency below the ratings specified in the relevant swap agreement (in accordance with the requirements of the rating agencies) for such swap provider, and, where applicable, as a result of the downgrade, the then current ratings of the outstanding Master Issuer rated notes, in respect of the Funding swap(s), or the Master Issuer notes corresponding to the relevant Master Issuer swap, in respect of a Master Issuer swap, would or may, as applicable, be adversely affected, the relevant swap provider will, if required in accordance with the Funding swap(s) or the relevant Master Issuer swap, as applicable, be required to take certain remedial measures which may include providing collateral for its obligations under the relevant swap, arranging for its obligations under the relevant swap to be transferred to an entity with the rating(s) required by the relevant rating agency as specified in the relevant swap agreement (in accordance with the requirements of the relevant rating agency), procuring another entity with the rating(s) required by the relevant rating agency as specified in the relevant swap agreement (in accordance with the requirements of the relevant rating agency), to become co-obligor or guarantor in respect of its obligations under the relevant swap, or taking such other action as it may agree with the relevant rating agency.

A failure by the relevant swap provider to take such steps will, in certain circumstances, allow Funding or the Master Issuer, as applicable, to terminate the relevant swap. For more information on the ratings requirements for swap providers, see "**Triggers Tables—Rating Triggers Table—Guarantor of the Funding swap provider or Funding swap provider in respect of the Funding Swap Agreement in relation to fixed rate loans**" "**and**" "**Triggers Tables—Rating Triggers Table—Master Issuer swap provider or Guarantor of the Master Issuer swap provider**".

Swap collateral

Any collateral posted by or on behalf of a swap provider (as set out above) will be placed by Funding or the Master Issuer, as appropriate, in a collateral account in respect of such swap provider and such collateral, and any interest thereon, shall be maintained and applied in accordance with the terms of the relevant swap agreement.

Termination of the swaps

The Funding swap(s) will terminate on the date on which the aggregate principal amount outstanding under all intercompany loans is reduced to zero.

Any swap may also be terminated in, *inter alia*, any of the following circumstances, each referred to as a **swap early termination event**:

- at the option of one party to the swap, if there is a failure by the other party to pay any amounts due under that swap and any applicable grace period has expired;
- in respect of the Master Issuer swaps, if an event of default under the Master Issuer notes occurs and the Master Issuer security trustee serves a note enforcement notice;
- in respect of a Funding swap(s), if an event of default under any intercompany loan occurs and the security trustee serves an intercompany loan enforcement notice;
- upon the occurrence of certain insolvency events in respect of the relevant swap provider or its guarantor or the Master Issuer or Funding, as the case may be and as set out in the relevant swap agreement, or the merger of the relevant swap provider without an assumption of the obligations under the relevant swap agreement, or if a change in law results in the obligations of one of the parties under a swap agreement becoming illegal, a breach of a provision of the swap agreement by the relevant swap provider is not remedied within the relevant grace period, a failure by the guarantor (if any) of the relevant swap provider under the swap agreement to comply with its obligations under such guarantee occurs, or a material misrepresentation is made by the relevant swap provider under the swap agreement;
- if all the Master Issuer notes are redeemed in full;
- if certain tax representations in the Master Issuer swaps or the Funding swap(s) prove to have been incorrect or misleading or incorrect when made or repeated or deemed to have been made or repeated;
- in respect of the Master Issuer swaps, subject to certain conditions, if withholding taxes are imposed on payments under a Master Issuer swap due to a change in law or a merger of a party with another entity with the effect that the relevant Master Issuer swap provider is required to pay an additional amount or will receive an amount from which tax has been deducted;
- in respect of the Master Issuer swaps, at the option of either party, if a redemption of the relevant series and class (or sub-class) of Master Issuer notes occurs pursuant to **Condition 6.5** (Optional Redemption for Tax and other Reasons) or, as applicable pursuant to **Condition 6.4** (Optional Redemption in Full); or
- if the relevant swap provider or its guarantor, as applicable, is downgraded and fails to comply with the requirements of the ratings downgrade provision contained in the relevant swap agreement as described above under "**Ratings downgrade of swap providers**".

Upon the occurrence of a swap early termination event, the Master Issuer or the relevant Master Issuer swap provider may be liable to make a termination payment to the other party and/or Funding or the Funding swap provider may be liable to make a termination payment to the other party. The amount of any termination payment will be based on the market value of the terminated swap(s) based on market quotations of the cost of entering into a swap/swaps with the same terms and conditions that would have the effect of preserving the respective full payment obligations of the parties (or based upon loss (as defined in the relevant Master Issuer swap agreement or the Funding Swap Agreement) in the event that no market quotation can be obtained). Any such termination payment could be substantial.

If any Master Issuer swap is terminated early and a termination payment is due by the Master Issuer to the relevant Master Issuer swap provider then, pursuant to its obligations under the master intercompany

loan, Funding shall pay the Master Issuer an amount equal to the termination payment due to the relevant Master Issuer swap provider less any amount received by the Master Issuer under any replacement Master Issuer swap. Such payment will be made by Funding only after paying interest amounts due on the term advances and after providing for any debit balance on the principal deficiency ledger and after paying or providing for items having a higher ranking in the relevant order of priority of payments. The Master Issuer shall apply amounts received from Funding under the master intercompany loan in accordance with the pre-enforcement revenue priority of payments or, as the case may be, the post enforcement priority of payments. The application by the Master Issuer of termination payments due to a Master Issuer swap provider may affect the funds available to pay amounts due to the noteholders (see further "**Risk factors—You may be subject to risks relating to exchange rate or interest rates on the Master Issuer notes or risks relating to reliance on a 2a-7 swap provider**").

If Funding receives a termination payment following the termination of the relevant swap(s), Funding will apply such payment towards meeting the costs of entering into a replacement swap agreement on terms acceptable to the rating agencies, Funding and the security trustee, as described above.

If the Master Issuer receives a termination payment from the relevant Master Issuer swap provider, then the Master Issuer shall apply those funds towards meeting its costs in effecting exchanges at the spot rate of exchange until a replacement Master Issuer swap is entered into and/or to acquire a replacement Master Issuer swap on terms acceptable to the rating agencies, the Master Issuer and the Master Issuer security trustee, as the case may be. Noteholders will not receive extra amounts (over and above interest and principal payable on the Master Issuer notes) as a result of the Master Issuer receiving a termination payment.

In the event that any Master Issuer swap is terminated prior to the earlier to occur of the service of a note enforcement notice and the final redemption of the relevant series of Master Issuer notes, the Master Issuer cash manager (on behalf of the Master Issuer and the Master Issuer security trustee) shall purchase a replacement Master Issuer swap in respect of that series and class (or sub-class) of Master Issuer notes. Any replacement Master Issuer swap must be on terms acceptable to the rating agencies, the Master Issuer and the Master Issuer security trustee and with a replacement swap provider whom the rating agencies have previously confirmed in writing to the Master Issuer and the Master Issuer security trustee will not cause the then current ratings of the Master Issuer rated notes to be downgraded, withdrawn or qualified.

Transfer of the swaps

A Master Issuer swap provider may, at its option, transfer its obligations under any relevant Master Issuer swap to any other entity. Any such transfer is subject to certain conditions, including among other things (i) that the transferee has the ratings as required by the relevant rating agencies as specified in the relevant swap agreement, or the transferee's performance under the relevant Master Issuer swap will be guaranteed by an entity with equivalent ratings, (ii) that the transfer must not cause an event of default or a swap early termination event to occur under the relevant Master Issuer swap agreement and (iii) if the transferee entity is located in a different country from both the Master Issuer and the relevant Master Issuer swap provider, that the rating agencies have confirmed that the transfer will not result in the then current rating of the relevant series and class (or sub-class) of Master Issuer rated notes being downgraded.

Taxation

Neither Funding nor the Master Issuer is obliged under any of the swap agreements to gross up payments made by them if withholding taxes are imposed on payments made under the swap agreements.

The Funding swap provider and the Master Issuer swap providers are always obliged to gross up payments made by them to Funding or the Master Issuer, as appropriate, if withholding taxes are imposed on payments made under the relevant swap agreements. However, if a Master Issuer swap provider is obliged to gross up payments following a change in law or merger of a party, the swap provider will, subject to certain conditions, have the right to terminate the swap.

Governing law

The Funding Swap Agreement and the Master Issuer swap agreements (and any non-contractual obligations arising out of or in connection with them) are governed by English law.

CASH MANAGEMENT FOR THE MORTGAGES TRUSTEE AND FUNDING

The following section contains a summary of the material terms of the cash management agreement. The summary does not purport to be complete and is subject to the provisions of the cash management agreement.

Santander UK was appointed on 26 July 2000 by the mortgages trustee, Funding and the security trustee to provide cash management services in relation to:

- the mortgages trust; and
- Funding.

Cash management services provided in relation to the mortgages trust

The cash manager's duties in relation to the mortgages trust include but are not limited to:

- (a) determining the current shares of Funding and the seller in the trust property in accordance with the terms of the mortgages trust deed;
- (b) maintaining the following ledgers on behalf of the mortgages trustee:
 - the Funding share/seller share ledger, which records the current shares of the seller and Funding in the trust property;
 - the losses ledger, which records losses on the loans;
 - the principal ledger, which records principal receipts on the loans received by the mortgages trustee and payments of principal from the mortgages trustee GIC account to Funding and the seller and any retained principal receipts; and
 - the revenue ledger, which records revenue receipts on the loans received by the mortgages trustee and payments of revenue receipts from the mortgages trustee GIC account to Funding and the seller;
- (c) distributing the mortgages trust available revenue receipts and the mortgages trustee principal receipts to Funding and the seller in accordance with the terms of the mortgages trust deed;
- (d) providing the mortgages trustee, Funding, the security trustee and the rating agencies with a quarterly report in relation to the trust property which will include, among other things, information on the loans and payments in arrears; and
- (e) managing a bank account on behalf of the mortgages trustee.

Cash management services to be provided to Funding

The cash manager's duties in relation to Funding include but are not limited to:

- (a) one business day before each interest payment date, determining:
 - the amount of Funding available revenue receipts to be applied to pay interest and fees in relation to the term advances on the following interest payment; and
 - the amount of Funding available principal receipts to be applied to repay the term advances on the following interest payment date;

- (b) maintaining the following ledgers on behalf of Funding:
- the Funding principal ledger, which records the amount of principal receipts received by Funding during the trust calculation period;
 - the Funding revenue ledger, which records all other amounts received by Funding during the trust calculation period;
 - the first reserve ledger, which records amounts credited to the first reserve fund (including from tranches drawn under the start-up loan agreements) and withdrawals in respect of the first reserve fund;
 - the Funding reserve ledger, which records the amount credited to the Funding reserve fund from the excess Funding available revenue receipts up to the Funding reserve fund required amount after Funding has paid all of its obligations in respect of items ranking higher than item (t) of the Funding pre-enforcement revenue priority of payments on each interest payment date, and any subsequent withdrawals in respect of the Funding reserve fund;
 - the eligible bank ledger, which records the amounts deposited with eligible banks from time to time;
 - the principal deficiency ledger (and sub-ledgers), which records principal deficiencies arising from losses on the loans which have been allocated to Funding's share or the use of Funding's principal receipts to cover certain senior expenses (including interest on the term advances);
 - the intercompany loan ledger, which records payments of interest and repayments of principal made on each of the term advances under the intercompany loans;
 - the extraordinary payment holiday start-up loan ledger, which records each advance under, and all payments of interest and repayments of principal in respect of, the extraordinary payment holiday start-up loan;
 - the cash accumulation ledger, which records the amount accumulated by Funding to pay the amounts due on the several bullet term advances and/or, as applicable, the scheduled amortisation term advances; and
 - the Funding liquidity reserve ledger (if established) which records the amounts credited to the Funding liquidity reserve fund from Funding available revenue receipts and from Funding available principal receipts up to the Funding liquidity reserve required amount and drawings made under the Funding liquidity reserve fund;
- (c) investing sums standing to the credit of the Funding GIC account and any collateral account maintained by Funding in respect of the Funding swap provider in short-term authorised investments (as defined in the glossary) as determined by Funding, the cash manager and the security trustee;
- (d) making withdrawals from the first reserve fund, the Funding reserve fund and the Funding liquidity reserve fund as and when required;
- (e) applying the Funding available revenue receipts and Funding available principal receipts in accordance with the relevant order of priority of payments for Funding contained in the cash management agreement or, as applicable, the Funding deed of charge;
- (f) providing Funding, the Master Issuer, the security trustee and the rating agencies with a quarterly report in relation to Funding which will include, among other things, information on the loans and payments in arrears;

- (g) making all returns and filings in relation to Funding and the mortgages trustee and providing or procuring the provision of company secretarial and administration services to them;
- (h) on behalf of Funding, making requests for advances under and pursuant to the extraordinary payment holiday start-up loan agreement;
- (i) managing bank accounts on behalf of Funding; and
- (j) providing Funding, the mortgages trustee, the Master Issuer, the Master Issuer security trustee, the rating agencies and (if requested) the security trustee and each further security trustee with a quarterly report in relation to Funding.

For the definitions of Funding available revenue receipts, Funding available principal receipts and the Funding priorities of payments, see "**Cashflows**".

Deposits with eligible banks in accordance with panel bank guidelines

Pursuant to the cash management agreement, the cash manager is obliged to procure that the following amounts are, in the first instance, paid into the Funding transaction account held with account bank A:

- all Funding revenue receipts;
- all Funding principal receipts;
- all amounts standing to the credit of the reserve funds;
- all amounts received by Funding pursuant to each relevant Funding swap agreement (other than any amounts of collateral required to be posted by the Funding swap provider which shall be paid into an account established in the name of Funding for such purpose); and
- any other amounts whatsoever received by or on behalf of Funding after the initial closing date other than (i) the "cash benefit" relating to a tax credit in respect of any gross-up amount the Funding swap provider is required to make and (ii) any early termination amounts received by Funding under each relevant Funding swap agreement which is applied to enter into a new swap agreement, if required, and any premium received from a replacement Funding swap provider to the extent it is used to pay an early termination amount due and payable by Funding with respect to the relevant Funding swap being replaced.

All or part of such amounts which are paid initially into the Funding transaction account may then, upon instructions provided by the cash manager to account bank A, be deposited (a) with one or more eligible bank(s) in accordance with the panel bank guidelines (as defined below), and/or (b) into the Funding GIC account held with account bank B.

Account bank A acts as agent of Funding when placing deposits with eligible banks pursuant to the cash management agreement, the bank account agreement and the eligible bank terms and conditions. The eligible bank account agreements govern the terms upon which the eligible banks accept and hold deposits received through the Bank of New York Mellon, acting through its London Branch.

When providing instructions to account bank A to deposit all or a part of amounts standing to the credit of the Funding transaction account with an eligible bank, the cash manager is required to act in accordance with the panel bank guidelines.

The guidelines governing the deposit of amounts from the Funding transaction account with eligible banks (the panel bank guidelines) are set out in the cash management agreement in full. These guidelines may be varied or modified from time to time by the cash manager provided that (i) any modifications to such guidelines are notified in advance to the rating agencies, account bank A and the security trustee; (ii) the rating agencies have confirmed in writing that the then current ratings of the Master Issuer rated notes would not be adversely affected by such modification; and (iii) such modification does not have any adverse effect on the security in respect of the Master Issuer notes.

As at the date of this base prospectus, the panel bank guidelines include, among other things, combinations of:

- credit rating requirements in respect of eligible banks;
- concentration limits in respect of the percentage of amounts which may be deposited with any one eligible bank and its affiliates; and
- maturity requirements in respect of deposits to be made with eligible banks linked to, amongst other things, the credit ratings of the eligible banks.

Under the panel bank guidelines, deposits may be made with eligible banks for periods of 30, 60 or 90 days (depending mainly on the rating of the relevant eligible bank and concentration limits referred to above) but, in any event, any such deposit period is required to mature on or prior to the Funding interest payment date immediately following the date of the proposed deposit. On such Funding interest payment date, the monies are returned to the Funding transaction account for application in accordance with the relevant priority of payments.

A further qualification in the cash management agreement for the placing of deposits with eligible banks is that amounts can only be deposited with eligible banks so long as the interest or other rate of return on those deposits is equal to or higher than the Funding GIC rate, such rate being (i) the rate of interest provided by Santander UK as the bank with whom the Funding GIC account is held or any successor to Santander UK in such role, or (ii) such other rate of interest applicable to the Funding GIC account or a successor to such account provided that the rating agencies have confirmed that such other rate of interest shall not cause the then current rating of the Master Issuer rated notes to be downgraded, withdrawn or qualified. Under the cash management agreement, the cash manager is in any event permitted to instruct account bank A to place all or a part of the amounts standing to the credit of the Funding transaction account into the Funding GIC account (which account pays out the Funding GIC rate on amounts deposited into it), instead of, or in addition to, the placing of a part or all of such amounts with eligible banks.

A further feature of the panel bank guidelines is the option given to the cash manager to instruct account bank A to deposit up to 50 per cent (or such other percentage determined from time to time, as part of a review of the panel bank guidelines in accordance with the cash management agreement) of non-bullet Funding principal amounts into an account held with Santander UK as an eligible bank in the event that Santander UK's (1) short-term, unsubordinated, unguaranteed and unsecured debt obligations are rated P-2 by Moody's, (2) unsubordinated, unguaranteed and unsecured debt obligations are rated at least A-2 short-term and BBB+ long-term by S&P and (3) short-term and long-term IDR are F2 and BBB+ (respectively) by Fitch, and for so long as Santander UK maintains such rating levels and its current FSMA authorisations to accept deposits (such account with Santander UK is referred to as the **Santander A-2/P-2/F2 account**).

The placement of up to 50 per cent. of non-bullet Funding principal amounts (accumulated with respect to an interest period) in the Santander A-2/P-2/F2 account is subject to the following conditions which are included in the current version of the panel bank guidelines:

- Santander UK is required to have advanced a subordinated and limited recourse loan (the **Funding loan**) to Funding equal to such deposit on the Santander A-2/P-2/F2 account. The advance under the Funding loan will be applied to increase the Funding share by acquiring an increased interest in the mortgages trust. The Funding loan ranks *pro rata* and *pari passu* with term NR advances. The aggregate amount of non-bullet Funding principal amounts deposited in the Santander A-2/P-2/F2 account is required to match the outstanding amount of the Funding loan and the increase in the Funding share (see "**The Funding Loan Agreement**" above);
- non bullet Funding principal amounts can only be deposited in the Santander A-2/P-2/F2 account for a period not exceeding 15 days;
- to the extent that monies standing to the credit of the first reserve fund have been applied in accordance with the Funding priorities of payment, the first reserve fund is required to have been replenished by a corresponding amount, or, if lower, by an amount equal to the first reserve fund required amount;

- each note is required to have been redeemed on or prior to its step-up date;
- a non-asset trigger event has not occurred;
- principal amounts due and payable in respect of the class Z notes have been paid in full; and
- on any interest payment date, there has not been a debit to the NR principal deficiency sub-ledger which has not been cured on such interest payment date.

For so long as Santander UK's (1) short-term, unsubordinated, unguaranteed and unsecured debt obligations are rated higher than P-2 by Moody's, (2) unsubordinated, unguaranteed and unsecured debt obligations are rated higher than A-2 short-term and BBB+ long-term by S&P and (3) short-term and long-term IDR are higher than F2 and BBB+ (respectively) by Fitch, the criteria relating to deposits placed in the Santander A-2/P-2/F2 account do not apply and Santander UK is subject to the same panel bank guidelines as other equally rated eligible banks.

Compensation of cash manager

The cash manager is paid a fee of £117,500 per annum for its services which is paid in four equal instalments quarterly in arrear on each interest payment date. The fee is inclusive of VAT. As at the date of this base prospectus, the applicable rate of VAT is 20 per cent.

In addition, the cash manager is entitled to be indemnified for any expenses or other amounts properly incurred by it in carrying out its duties. The cash manager is paid by Funding, prior to amounts due to the issuing entities on the term advances.

Resignation of cash manager

The cash manager may only resign on giving 12 months' written notice to the security trustee, Funding and the mortgages trustee and if:

- a substitute cash manager has been appointed and a new cash management agreement is entered into on terms satisfactory to the security trustee, the mortgages trustee and Funding; and
- the ratings of the outstanding Master Issuer rated notes at that time would not be adversely affected as a result of that replacement (unless otherwise agreed by an extraordinary resolution of the noteholders of each class).

Termination of appointment of cash manager

The security trustee may, upon written notice to the cash manager, terminate the cash manager's rights and obligations immediately if any of the following events occurs:

- the cash manager defaults in the payment of any amount due and fails to remedy the default for a period of three London business days after becoming aware of the default;
- the cash manager fails to comply with any of its other obligations under the cash management agreement which in the opinion of the security trustee is materially prejudicial to the Funding secured creditors and does not remedy that failure within 20 days after the earlier of becoming aware of the failure and receiving a notice from the security trustee; or
- Santander UK, while acting as the cash manager, suffers an insolvency event.

If the appointment of the cash manager is terminated or it resigns, the cash manager must deliver its books of account relating to the loans to or at the direction of the mortgages trustee, Funding or the security trustee, as the case may be. The cash management agreement will terminate automatically when Funding has no further interest in the trust property and all intercompany loans (whether previous intercompany loans, current intercompany loans or new intercompany loans) have been repaid or otherwise discharged.

Governing law

The cash management agreement (and any non-contractual obligations arising out of or in connection with it) is governed by English law.

Funding's bank accounts

Funding maintains two bank accounts in its name (managed by the cash manager) with Santander UK (account bank B) and The Bank of New York Mellon (acting through its London Branch) (account bank A), respectively. These are:

- (k) the Funding transaction account (held with account bank A): the first reserve fund is credited to this account and on each distribution date the Funding share of the mortgages trust available revenue receipts, any distribution of Funding principal receipts to Funding under the mortgages trust and any balance remaining in the Funding cash accumulation ledger are initially deposited in this account. The cash manager will provide instructions to account bank A to deposit all or part of such amounts standing to the credit of the Funding transaction account (1) with one or more eligible bank(s) in accordance with the panel bank guidelines, and/or (2) into the Funding GIC account. On each interest payment date, monies on deposit with eligible bank(s) or standing to the credit of the Funding GIC account are transferred to the Funding transaction account and applied by the cash manager in accordance with the relevant order for priority of payments of Funding; and
- (l) the Funding GIC account (held with Account Bank B): Upon instruction from the cash manager, monies standing to the credit of the Funding transaction account may be deposited into this account. On any interest payment date upon which payment is due, amounts required to meet Funding's obligations to its various creditors (including the Master Issuer) are transferred to the Funding transaction account.

The accounts referred to above are currently maintained with account bank A and account bank B, as applicable, but may be required to be transferred to alternative banks upon the occurrence of specified events, including if the related account bank fails to maintain the minimum applicable ratings described above under "**Triggers Tables—Rating Triggers Table**" or if an insolvency-type event occurs in relation to the relevant account bank. In such circumstances Funding and/or the cash manager shall procure the transfer of the rights and obligations of the relevant account bank under the bank account agreement and procure the transfer of all amounts standing to the credit of the relevant bank account to account(s) held with an authorised institution under FSMA with the minimum required ratings which enters into an agreement in form and substance similar to the existing bank account agreement. Upon a breach by the relevant account bank of its obligations under the bank account agreement, the mortgages trustee and Funding may only terminate the appointment of such account bank if a replacement financial institution or financial institutions with the minimum required ratings have entered into an agreement in form and substance similar to the existing bank account agreement. For further information in relation to required ratings and triggers, please see "**Triggers Tables—Rating Triggers Table**".

If collateral is posted by the Funding swap provider under the Funding swap agreements, Funding shall open a new account in its name, subject to the terms of the relevant Funding swap agreement, called the **Funding collateral account** into which the collateral will be deposited. See "**The swap agreements—Ratings downgrade of swap providers**".

The Mortgages Trustee GIC Account

The mortgages trustee maintains the mortgages trustee GIC account its name (managed by the cash manager) with account bank B. All amounts held by the mortgages trustee are deposited in the mortgages trustee GIC account with the mortgages trustee GIC provider. This account is subject to a guaranteed investment contract such that the mortgages trustee GIC provider agrees to pay a variable rate of interest on funds in the mortgages trustee GIC account equal to the mortgages trustee GIC rate.

The mortgages trustee GIC account referred to above is currently maintained with account bank B but may be required to be transferred to an alternative bank in certain circumstances, including if the mortgages trustee account bank fails to maintain the minimum applicable ratings described above under "**Triggers Tables**".

CASH MANAGEMENT FOR THE MASTER ISSUER

The following section contains a summary of the material terms of the Master Issuer cash management agreement. The summary does not purport to be complete and is subject to the provisions of the Master Issuer cash management agreement.

Santander UK was appointed on the programme date by the Master Issuer and the Master Issuer security trustee to provide cash management services to the Master Issuer.

Cash management services to be provided to the Master Issuer

The Master Issuer cash manager's duties include but are not limited to:

- (a) four business days before each interest payment date, determining:
 - the amount of Master Issuer revenue receipts to be applied to pay interest on the Master Issuer notes on the following interest payment date and to pay amounts due to other creditors of the Master Issuer; and
 - the amount of Master Issuer principal receipts to be applied to repay the Master Issuer notes on the following interest payment date;
- (b) applying Master Issuer revenue receipts and Master Issuer principal receipts in accordance with the relevant order of priority of payments for the Master Issuer set out in the Master Issuer cash management agreement or, as applicable, the Master Issuer deed of charge;
- (c) maintaining the following ledgers on behalf of the Master Issuer:
 - the Master Issuer revenue ledger, which records Master Issuer revenue receipts (excluding any fees to be paid by Funding on each interest payment date under the terms of the master intercompany loan agreement (other than in respect of any termination payment due by the Master Issuer in respect of any Master Issuer swap), which will be credited to the Master Issuer expense ledger) received and paid out of the Master Issuer. The Master Issuer revenue ledger will be split into sub-ledgers corresponding to each issue, series and class (or sub-class) of Master Issuer notes issued by the Master Issuer, and any interest received from Funding in respect of a term advance will be credited to the relevant corresponding sub-ledger;
 - the Master Issuer principal ledger, which records all Funding available principal receipts received by the Master Issuer from Funding constituting principal repayments on a term advance. All such Funding available principal receipts in relation each term advance will be credited to a sub-ledger (in respect of the related issue, series and class (or sub-class) of Master Issuer notes);
 - the Master Issuer expense ledger, which records payments of fees received from Funding under the master intercompany loan and payments out in accordance with the Master Issuer pre-enforcement revenue priority of payments; and
 - the series ledgers, which record payments of interest and repayments of principal on each issue, series and class (or sub-class) of Master Issuer notes and any payment of fees in respect of any termination payment due by the Master Issuer in respect of a corresponding Master Issuer swap;
- (d) providing the Master Issuer, Funding, the Master Issuer security trustee and the rating agencies with quarterly reports in relation to the Master Issuer;

- (e) making all returns and filings required to be made by the Master Issuer and providing or procuring the provision of company secretarial and administration services to the Master Issuer;
- (f) arranging payment of all fees to the London Stock Exchange or, as applicable, the FCA;
- (g) if necessary, performing all currency and interest rate conversions (whether it be a conversion from sterling to dollars or vice versa, sterling to euro or *vice versa*, or floating rates of interest to fixed rates of interest or *vice versa*) free of charge, cost or expense at the relevant exchange rate;
- (h) investing sums standing to the credit of any collateral account maintained by the Master Issuer in respect of a Master Issuer swap provider in short-term authorised investments; and
- (i) procuring that any increase amount received in respect of the subscription of additional amounts in respect of any class Z variable funding note shall be advanced to Funding as an increase in the size of the relevant NR VFN term advance and informing the registrar of each such increase amount.

Master Issuer's bank accounts

The Master Issuer currently maintains a sterling bank account, a euro account and a dollar account in its name with Santander UK at 2 Triton Square, Regent's Place, London NW1 3AN (together the **Master Issuer transaction accounts**, such accounts being managed by the Master Issuer cash manager). The Master Issuer may, with the prior written consent of the Master Issuer security trustee, open additional or replacement bank accounts.

The Master Issuer accounts referred to above (and any collateral account maintained by the Master Issuer as described in "**Credit Structure—Ratings downgrade of swap providers**") may be required to be transferred to an alternative bank upon the occurrence of specified events, including if the relevant Master Issuer account bank fails to maintain the minimum applicable ratings described above under "**Triggers Tables—Ratings Triggers Table**" or if an insolvency-type event occurs in relation to the relevant Master Issuer account bank or if the relevant Master Issuer account bank fails to perform its obligations under the relevant Master Issuer bank account agreement. In such circumstances the Master Issuer and/or the Master Issuer cash manager shall procure the transfer of the rights and obligations of the relevant Master Issuer account bank under the relevant Master Issuer bank account agreement and procure the transfer of all amounts standing to the credit of the relevant Master Issuer bank account to account(s) held with an authorised institution under FSMA with the minimum required ratings which enters into an agreement in form and substance similar to the existing Master Issuer bank account agreement. For further information in relation to required ratings and triggers, please see "**Triggers Tables—Rating Triggers Table**".

In the event that any collateral is posted by a Master Issuer swap provider pursuant to a Master Issuer swap agreement, the Master Issuer shall instruct the Master Issuer cash manager to open a bank account with Santander UK for the purposes of holding such collateral (any such account, a Master Issuer **swap collateral account**). A Master Issuer swap collateral account shall be opened in respect of each Master Issuer swap provider that is required to post collateral pursuant to a Master Issuer swap agreement. In the event that any such Master Issuer swap collateral account is opened with a bank other than Santander UK, the parties to the Master Issuer bank account agreement (not including Santander UK as the Master Issuer account bank), will enter into an agreement on terms which are identical to the terms of the Master Issuer bank account agreement (except amendments of a minor or technical nature to reflect the identities of the new parties thereto) in respect of such Master Issuer swap collateral account.

Compensation of Master Issuer cash manager

The Master Issuer cash manager is paid a fee of £117,500 per annum for its services, which is paid in four equal instalments quarterly in arrear on each interest payment date. The fee is inclusive of VAT. As at the date of this base prospectus, the applicable rate of VAT is 20 per cent.

In addition, the Master Issuer cash manager is entitled to be indemnified for any expenses or other amounts properly incurred by it in carrying out its duties. The Master Issuer cash manager is paid by the Master Issuer prior to amounts due on the Master Issuer notes.

Resignation of Master Issuer cash manager

The Master Issuer cash manager may resign only on giving 12 months' written notice to the Master Issuer security trustee and the Master Issuer and if:

- a substitute Master Issuer cash manager has been appointed and a new issuing entity cash management agreement is entered into on terms satisfactory to the Master Issuer security trustee and the Master Issuer; and
- the ratings of the Master Issuer rated notes at that time would not be adversely affected as a result of that replacement.

Termination of appointment of Master Issuer cash manager

The Master Issuer security trustee may, upon written notice to the Master Issuer cash manager, terminate the Master Issuer cash manager's rights and obligations immediately if any of the following events occurs:

- the Master Issuer cash manager defaults in the payment of any amount due and fails to remedy the default for a period of three London business days after becoming aware of the default;
- the Master Issuer cash manager fails to comply with any of its other obligations under the Master Issuer cash management agreement which in the opinion of the Master Issuer security trustee is materially prejudicial to the noteholders and does not remedy that failure within 20 days after the earlier of becoming aware of the failure and receiving a notice from the Master Issuer security trustee; or
- the Master Issuer cash manager suffers an insolvency event.

If the appointment of the Master Issuer cash manager is terminated or it resigns, the Master Issuer cash manager must deliver its books of account relating to the Master Issuer notes to or at the direction of the Master Issuer security trustee. The Master Issuer cash management agreement will terminate automatically when the Master Issuer notes have been fully redeemed.

Governing law

The Master Issuer cash management agreement (and any non-contractual obligations arising out of or in connection with it) is governed by English law.

DESCRIPTION OF THE TRUST DEED

The following section contains a summary of the material terms of the trust deed. The summary does not purport to be complete and is subject to the provisions of the trust deed.

General

The principal agreement governing the Master Issuer notes is the trust deed dated 28 November 2006 (as the same may be amended, restated, novated, replaced or supplemented from time to time) and made between the Master Issuer and the note trustee (the **trust deed**). The trust deed has four primary functions. It:

- constitutes the Master Issuer notes;
- sets out the covenants of the Master Issuer in relation to the Master Issuer notes;
- sets out the enforcement and post enforcement procedures relating to the Master Issuer notes; and
- sets out the appointment, powers and responsibilities of the note trustee.

The trust deed sets out the form of the global notes and the definitive notes. It also sets out the terms and conditions, and the conditions for the issue of definitive notes and/or the cancellation of any Master Issuer notes. It stipulates, among other things, that the paying agents, the registrar, the transfer agent and the agent bank will be appointed. The detailed provisions regulating these appointments are contained in the Master Issuer paying agent and agent bank agreement.

The trust deed also contains covenants made by the Master Issuer in favour of the note trustee and the noteholders. The main covenants are that the Master Issuer will pay interest and repay principal on each of the Master Issuer notes when due. Covenants are included to ensure that the Master Issuer remains insolvency-remote, and to give the note trustee access to all information and reports that it may need in order to discharge its responsibilities in relation to the noteholders. Some of the covenants also appear in the terms and conditions of the Master Issuer notes (see "**Terms and conditions of the notes**"). The Master Issuer also covenants that it will (in respect of those Master Issuer notes that are listed) use its reasonable endeavours to maintain the listing of the Master Issuer notes on the Official List of the FCA and to maintain the trading of such Master Issuer notes on the main market of the London Stock Exchange, to keep in place paying agents and an agent bank and to deposit the global notes with the DTC or the Common Depository (or, with respect to the Master Issuer notes in NSS form, the common safekeeper), as the case may be.

The trust deed provides that the class A noteholders' interests take precedence for so long as the class A notes are outstanding and thereafter the interests of the class B noteholders take precedence for so long as the class B notes are outstanding and thereafter the interests of the class M noteholders take precedence for so long as the class M notes are outstanding and thereafter the interests of the class C noteholders take precedence for so long as the class C notes are outstanding and thereafter the interests of the class Z noteholders take precedence for so long as the class Z notes are outstanding. Certain basic terms of each class of Master Issuer notes may not be amended without the consent of the majority of the holders of that class of Master Issuer note. This is described further in "**Terms and conditions of the notes**".

The trust deed also sets out the terms on which the note trustee is appointed, the indemnification of the note trustee, the payment it receives and the extent of the note trustee's authority to act beyond its statutory powers under English law. The note trustee is also given the ability to appoint a delegate or agent in the execution of any of its duties under the trust deed. The trust deed also sets out the circumstances in which the note trustee may resign or retire.

Governing law

The trust deed (and any non-contractual obligations arising out of or in connection with it) is governed by English law.

THE MASTER ISSUER NOTES AND THE GLOBAL NOTES

The issuance of each series of Master Issuer notes will be authorised by a resolution of the board of directors of the Master Issuer passed prior to the relevant closing date. The Master Issuer notes will be constituted by a deed or deeds supplemental to the trust deed between the Master Issuer and the note trustee, as trustee for, among others, the holders for the time being of the Master Issuer notes. While the material terms of the Master Issuer notes and the global notes are described in this base prospectus, the statements set out in this section with regard to the Master Issuer notes and the global notes are subject to the detailed provisions of the trust deed. The trust deed will include the form of the global notes and the form of definitive notes. The trust deed includes provisions which enable it to be modified or supplemented and any reference to the trust deed is a reference also to the document as modified or supplemented in accordance with its terms.

A Master Issuer paying agent and agent bank agreement between the Master Issuer, the Master Issuer security trustee, the principal paying agent, the U.S. paying agent, the registrar, the transfer agent and the agent bank regulates how payments will be made on the Master Issuer notes and how determinations and notifications will be made. It was initially dated 28 November 2006 and was amended and restated on 28 March 2007, 12 November 2010, 25 March 2011 and 18 April 2016, and the parties include, on an on-going basis, any successor party appointed in accordance with its terms.

Each series and class (or sub-class) of each series of Master Issuer notes will be represented initially by one or more global notes in registered form without interest coupons attached. The U.S. notes will be offered and sold within the United States only to QIBs in transactions exempt from the registration requirements under the Securities Act. The Reg S notes will initially be offered and sold outside the United States to non-U.S. persons pursuant to Regulation S and will each be represented by a Reg S global note (together with the U.S. global notes, the **global notes**).

The global notes representing the U.S. notes (the **U.S. global notes**) will be deposited either (i) on behalf of the beneficial owners of the Master Issuer notes with The Bank of New York Mellon, acting through its New York branch, as the custodian for, and registered in the name of Cede & Co. as nominee of, The Depository Trust Company (**DTC**) or (ii) with a common depository (or, with respect to notes in NSS form, a common safekeeper) for Clearstream Banking, *société anonyme* (**Clearstream, Luxembourg**) and Euroclear Bank S.A./N.V. (**Euroclear**), as specified in the applicable final terms. On confirmation from the custodian or common depository (or, with respect to notes in NSS form, the common safekeeper) (as the case may be) that it holds the U.S. global notes, DTC or Euroclear and Clearstream, Luxembourg (as the case may be) will record book-entry interests in the beneficial owner's account or the participant account through which the beneficial owner holds its interests in the U.S. global notes. These book-entry interests will represent the beneficial owner's beneficial interest in the relevant U.S. global notes.

The Reg S global notes will be deposited on behalf of the beneficial owners of those Master Issuer notes with, and registered in the name of a common depository (or, with respect to notes in NSS form, a common safekeeper) for Clearstream, Luxembourg and Euroclear. On confirmation from the common depository (or, with respect to notes in NSS form, the common safekeeper) that it holds the Reg S global notes, Clearstream, Luxembourg or Euroclear, as the case may be, will record book-entry interests in the beneficial owner's account or the participant account through which the beneficial owner holds its interests in the Reg S global notes. These book-entry interests will represent the beneficial owner's beneficial interest in the relevant Reg S global notes.

Where the global notes are held under the NSS, Euroclear and Clearstream, Luxembourg will be notified whether or not such global notes are intended to be held in a manner that would allow Eurosystem eligibility. Depositing the global notes with the common safekeeper does not necessarily mean that the relevant Master Issuer 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 other time during their life. Such recognition will depend upon satisfaction of the Eurosystem eligibility criteria.

The amount of Master Issuer notes represented by each global note is evidenced by the register maintained for that purpose by the registrar. Together, the Master Issuer notes represented by the global notes and any outstanding definitive notes will equal the aggregate principal amount of the Master Issuer notes outstanding at any time. However, except as described under "**—Global clearance and settlement procedures—Definitive notes**", definitive certificates representing individual Master Issuer notes shall not be issued.

Beneficial owners may hold their interests in the global notes only through DTC, Clearstream, Luxembourg or Euroclear, as applicable, or indirectly through organisations that are participants in any of those systems. Ownership of these beneficial interests in a global note will be shown on, and the transfer of that ownership will be effected only through, records maintained by DTC, Clearstream, Luxembourg or Euroclear (with respect to interests of their participants) and the records of their participants (with respect to interests of persons other than their participants). By contrast, ownership of direct interests in a global note will be shown on, and the transfer of that ownership will be effected through, the register maintained by the registrar. Because of this holding structure of Master Issuer notes, beneficial owners of Master Issuer notes may look only to DTC, Clearstream, Luxembourg or Euroclear, as applicable, or their respective participants for their beneficial entitlement to those Master Issuer notes. The Master Issuer expects that DTC, Clearstream, Luxembourg or Euroclear will take any action permitted to be taken by a beneficial owner of Master Issuer notes only at the direction of one or more participants to whose account the interests in a global note is credited and only in respect of that portion of the aggregate principal amount of Master Issuer notes as to which that participant or those participants has or have given that direction.

Beneficial owners will be entitled to the benefit of, will be bound by and will be deemed to have notice of, all the provisions of the trust deed and the Master Issuer paying agent and agent bank agreement. Beneficial owners can see copies of these agreements at the principal office for the time being of the note trustee, which is, as of the date of this document, 160 Queen Victoria Street, London EC4V 4LA and at the specified office for the time being of each of the paying agents. Pursuant to its obligations under the listing rules made by the FCA, the Master Issuer will maintain a paying agent in the UK until the date on which the Master Issuer notes are finally redeemed.

Payment

Principal and interest payments on the offered global notes will be made via the paying agents to DTC, Euroclear or Clearstream, Luxembourg (as applicable) or the respective nominee, as the registered holder of the offered global notes. DTC's practice is to credit its participants' accounts on the applicable interest payment date according to their respective holdings shown on DTC's records unless DTC has reason to believe that it will not receive payment on that interest payment date.

Payments by DTC, Clearstream, Luxembourg and Euroclear participants to the beneficial owners of Master Issuer notes will be governed by standing instructions, customary practice, and any statutory or regulatory requirements as may be in effect from time to time, as is now the case with securities held by the accounts of customers registered in street name. These payments will be the responsibility of the DTC, Clearstream, Luxembourg or Euroclear participant and not of DTC, Clearstream, Luxembourg, Euroclear, any paying agent, the note trustee or the Master Issuer. Neither the Master Issuer, the note trustee nor any paying agent will have any responsibility or liability for any aspect of the records of DTC, Clearstream, Luxembourg or Euroclear relating to payments made by DTC, Clearstream, Luxembourg or Euroclear on account of beneficial interests in the global notes or for maintaining, supervising or reviewing any records of DTC, Clearstream, Luxembourg or Euroclear relating to those beneficial interests.

Clearance and settlement

The clearing systems

The information set out below applies to the Master Issuer notes cleared through Euroclear, Clearstream, Luxembourg or DTC. Non-LSE listed notes (including foreign law notes) may be cleared in such other form or such other manner as specified in the applicable issue terms.

DTC

DTC has advised the Master Issuer and the dealers that it intends to follow the following procedures:

DTC will act as securities depository for the offered global notes. The offered global notes will be issued as securities registered in the name of Cede & Co. (DTC's nominee).

DTC has advised the Master Issuer that it is a:

- **limited-purpose** trust company organised under the New York Banking Law;

- **banking organisation** within the meaning of the New York Banking Law;
- **member** of the Federal Reserve System;
- **clearing corporation** within the meaning of the New York Uniform Commercial Code; and
- **clearing agency** registered under the provisions of Section 17A of the Exchange Act.

DTC holds securities for its participants and facilitates the clearance and settlement among its participants of securities transactions, including transfers and pledges, in deposited securities through electronic book-entry changes in its participants' accounts. This eliminates the need for physical movement of securities certificates. DTC participants include securities brokers and dealers, banks, trust companies, clearing corporations and other organisations. Indirect access to the DTC system is also available to others including securities brokers and dealers, banks and trust companies that clear through or maintain a custodial relationship with a participant, either directly or indirectly. The rules applicable to DTC and its participants are on file with the SEC.

Transfers between participants on the DTC system will occur under DTC rules.

Purchases of Master Issuer notes under the DTC system must be made by or through DTC participants, which will receive a credit for the Master Issuer notes on DTC's records. The ownership interest of each actual beneficial owner is in turn to be recorded on the DTC participants' and indirect participants' records. Beneficial owners will not receive written confirmation from DTC of their purchase. However, beneficial owners are expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the DTC participant or indirect participant through which the beneficial owner entered into the transaction. Transfer of ownership interests in the offered global notes are to be accomplished by entries made on the books of DTC participants acting on behalf of beneficial owners. Beneficial owners will not receive certificates representing their ownership interest in Master Issuer notes unless use of the book-entry system for the Master Issuer notes described in this section is discontinued.

To facilitate subsequent transfers, all the offered global notes deposited with DTC are registered in the name of DTC's nominee, Cede & Co. The deposit of these offered global notes with DTC and their registration in the name of Cede & Co. effect no change in beneficial ownership. DTC has no knowledge of the ultimate beneficial owners of the Master Issuer notes. DTC's records reflect only the identity of the DTC participants to whose accounts the beneficial interests are credited, which may or may not be the actual beneficial owners of the Master Issuer notes. The DTC participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to DTC participants, by DTC participants to indirect participants, and by DTC participants and indirect participants to beneficial owners will be governed by arrangements among them and by any statutory or regulatory requirements in effect from time to time.

Redemption notices for the offered global notes will be sent to DTC. If less than all of those offered global notes are being redeemed by investors, DTC's practice is to determine by lot the amount of the interest of each participant in those offered global notes to be redeemed.

Neither DTC nor Cede & Co. will consent or vote on behalf of the offered global notes. Under its usual procedures, DTC will mail an omnibus proxy to the Master Issuer as soon as possible after the record date, which assigns the consenting or voting rights of Cede & Co. to those DTC participants to whose accounts the book-entry interests are credited on the record date, identified in a list attached to the proxy.

The Master Issuer understands that under existing industry practices, when the Master Issuer requests any action of noteholders or when a beneficial owner desires to give or take any action which a noteholder is entitled to give or take under the trust deed, DTC generally will give or take that action, or authorise the relevant participants to give or take that action, and those participants would authorise beneficial owners owning through those participants to give or take that action or would otherwise act upon the instructions of beneficial owners through them.

Clearstream, Luxembourg and Euroclear

Clearstream, Luxembourg and Euroclear each hold securities for their participating organisations and facilitate the clearance and settlement of securities transactions between their respective participants through electronic book-entry changes in accounts of those participants, thereby eliminating the need for physical movement of securities. Clearstream, Luxembourg and Euroclear provide various services including safekeeping, administration, clearance and settlement of internationally traded securities and securities lending and borrowing. Clearstream, Luxembourg and Euroclear also deal with domestic securities markets in several countries through established depository and custodial relationships. Clearstream, Luxembourg and Euroclear have established an electronic bridge between their two systems across which their respective participants may settle trades with each other. Transactions may be settled in Clearstream, Luxembourg and Euroclear in any of numerous currencies, including United States dollars. Transfers between participants on the Clearstream, Luxembourg system and participants of the Euroclear system will occur under their respective rules and operating procedures.

Clearstream, Luxembourg is incorporated under the laws of Luxembourg as a professional depository. Clearstream, Luxembourg participants are financial institutions around the world, including underwriters, securities brokers and dealers, banks, trust companies and clearing corporations. Indirect access to Clearstream, Luxembourg is also available to others, including banks, brokers, dealers and trust companies that clear through or maintain a custodial relationship with a Clearstream, Luxembourg participant, either directly or indirectly.

The Euroclear system was created in 1968 to hold securities for its participants and to clear and settle transactions between Euroclear participants through simultaneous electronic book-entry delivery against payment. The Euroclear system is operated by Euroclear, under licence from Euroclear PLC, an English public limited company. All operations are conducted by Euroclear. All Euroclear securities clearance accounts and Euroclear cash accounts are accounts with Euroclear. The board of Euroclear establishes policy for the Euroclear system in accordance with the terms of its licence from Euroclear PLC.

Euroclear participants include banks (including central banks), securities brokers and dealers and other professional financial intermediaries. Indirect access to the Euroclear system is also available to other firms that maintain a custodial relationship with a Euroclear participant, either directly or indirectly.

Securities clearance accounts and cash accounts with Euroclear are governed by the Terms and Conditions Governing use of Euroclear and the related Operating Procedures of the Euroclear system, both as may be amended by Euroclear, from time to time. These terms and conditions govern transfers of securities and cash within the Euroclear system, withdrawal of securities and cash from the Euroclear system, and receipts of payments for securities in the Euroclear system. All securities in the Euroclear system are held on a fungible basis without attribution of specific certificates to specific securities clearance accounts. Euroclear acts under these terms and conditions only on behalf of Euroclear participants and has no record of or relationship with persons holding through Euroclear participants.

As the holders of book-entry interests, beneficial owners will not have the right under the trust deed to act on solicitations by the Master Issuer for action by noteholders. Beneficial owners will only be able to act to the extent they receive the appropriate proxies to do so from DTC, Clearstream, Luxembourg or Euroclear or, if applicable, their respective participants. No assurances are made about these procedures or their adequacy for ensuring timely exercise of remedies under the trust deed.

No beneficial owner of an interest in a global note will be able to transfer that interest except in accordance with applicable procedures, in addition to those provided for under the trust deed, of DTC, Clearstream, Luxembourg and Euroclear, as applicable. Transfers between participants in Clearstream, Luxembourg and participants in the Euroclear system will occur under their rules and operating procedures.

The laws of some jurisdictions require that some purchasers of securities take physical delivery of those securities in definitive form. These laws and limitations may impair the ability to transfer beneficial interests in the global notes.

For the avoidance of doubt, any reference herein to a common safekeeper may include Euroclear, Clearstream, Luxembourg, the Principal Paying Agent or any third party common safekeeper designated as such by Euroclear or Clearstream, Luxembourg.

Global clearance and settlement procedures

Initial settlement

The U.S. global notes will be delivered at initial settlement either to (i) The Bank of New York Mellon, acting through its New York branch, as custodian for DTC or (ii) the common depository, (or, with respect to notes in NSS form, a common safekeeper) Clearstream, Luxembourg and Euroclear, as set out in the applicable final terms, and the Reg S global notes will be delivered to the common depository (or, with respect to notes in NSS form, a common safekeeper) for Clearstream, Luxembourg and Euroclear. Customary settlement procedures will be followed for participants of each system at initial settlement. Global notes will be credited to investors' securities accounts on the settlement date against payment in same-day funds.

Secondary trading

Secondary market sales of book-entry interests in Master Issuer notes between DTC participants will occur in the ordinary way in accordance with DTC rules and will be settled using the procedures applicable to conventional United States corporate debt obligations.

Although DTC, Clearstream, Luxembourg and Euroclear have agreed to these procedures to facilitate transfers of interests in securities among participants of DTC, Clearstream, Luxembourg and Euroclear, they are not obligated to perform these procedures. Additionally, these procedures may be discontinued at any time. None of the Master Issuer, any agent, the dealers or any affiliate of any of the foregoing, or any person by whom any of the foregoing is controlled for the purposes of the Securities Act, will have any responsibility for the performance by DTC, Clearstream, Luxembourg, Euroclear or their respective direct or indirect participants or accountholders of their respective obligations under the rules and procedures governing their operations or for the sufficiency for any purpose of the arrangements described herein.

Definitive notes

Beneficial owners of global notes will only be entitled to receive definitive notes under the following limited circumstances:

- as a result of a change in UK law, the Master Issuer or any paying agent is or will be required to make any deduction or withholding on account of tax from any payment on the Master Issuer notes that would not be required if the Master Issuer notes were in definitive form;
- in the case of the U.S. global notes which are cleared through DTC, DTC notifies the Master Issuer that it is unwilling or unable to hold such U.S. global notes or is unwilling or unable to continue as, or has ceased to be, a clearing agency under the Exchange Act, and, in each case, the Master Issuer cannot appoint a successor within 90 days; or
- in the case of the Reg S global notes or U.S. global notes which are cleared through Clearstream, Luxembourg and Euroclear, Clearstream, Luxembourg and Euroclear are closed for business for a continuous period of 14 days or more (other than by reason of legal holidays) or announce an intention to cease business permanently or do in fact do so and no alternative clearing system is available.

In no event will definitive notes in bearer form be issued. Any definitive notes will be issued in registered form in minimum denominations as specified in the relevant final terms. Any definitive notes will be registered in that name or those names as the registrar shall be instructed by DTC, Clearstream, Luxembourg and Euroclear, as applicable. It is expected that these instructions will be based upon directions received by DTC, Clearstream, Luxembourg and Euroclear from their participants reflecting the ownership of book-entry interests. To the extent permitted by law, the Master Issuer, the note trustee and any paying agent shall be entitled to treat the person in whose names any definitive notes are registered as the absolute owner thereof. The Master Issuer paying agent and agent bank agreement contains provisions relating to the maintenance by a registrar of a register reflecting ownership of the Master Issuer notes and other provisions customary for a registered debt security.

Any person receiving definitive notes will not be obligated to pay or otherwise bear the cost of any tax or governmental charge or any cost or expense relating to insurance, postage, transportation or any similar

charge, which will be solely the responsibility of the Master Issuer. No service charge will be made for any registration of transfer or exchange of any definitive notes.

Transfer of interests

A beneficial interest in a U.S. global note of one class may be transferred to a person that takes delivery in the form of a beneficial interest in a Reg S global note of the same class, whether before or after the expiration of the distribution compliance period applicable to the Master Issuer notes of such class, only upon receipt by the Master Issuer of a written certification from the transferor to the effect that such transfer is being made in accordance with Rule 903 or 904 of Reg S. Prior to the expiration of the applicable distribution compliance period, a beneficial interest in a Reg S global note of one class may be transferred to a person who takes delivery in the form of a beneficial interest in a U.S. global note of the same class only upon receipt by the Master Issuer of written certification from the transferor to the effect that such transfer is being made to a person whom the transferor or any person acting on its behalf reasonably believes is purchasing for its own account or for an account or accounts as to which it exercises sole investment discretion and that such person and such account or accounts is a QIB, in each case, in a transaction meeting the requirements of Rule 144A and in accordance with any applicable securities laws of any state or other jurisdiction of the United States.

Any beneficial interest in a Reg S global note of one class that is transferred to a person who takes delivery in the form of a beneficial interest in the U.S. global note of the same class will, upon transfer, cease to be represented by a beneficial interest in such Reg S global note and will become represented by a beneficial interest in such U.S. global note and, accordingly, will thereafter be subject to all transfer restrictions and other procedures applicable to beneficial interests in a U.S. global note for as long as it remains such a beneficial interest. Any beneficial interest in a U.S. global note of one class that is transferred to a person who takes delivery in the form of a beneficial interest in the Reg S global note of the same class will, upon transfer, cease to be represented by a beneficial interest in such U.S. global note and will become represented by a beneficial interest in such Reg S global note and, accordingly, will thereafter be subject to all transfer restrictions and other procedures applicable to beneficial interests in a Reg S global note as long as it remains such a beneficial interest.

Although DTC, Euroclear and Clearstream, Luxembourg have agreed to certain procedures to facilitate transfers of beneficial interests in a global note among participants of DTC and participants 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 Master Issuer, the note trustee, the Master Issuer security trustee or any of their respective agents or affiliates will have any responsibility or liability for the performance by DTC, Euroclear or Clearstream, Luxembourg or their respective participants of their respective obligations under the rules and procedures governing their operations.

Non-LSE listed notes

Non-LSE listed notes (including foreign law notes) may be issued in such other form as specified in the applicable issue terms.

FORM OF FINAL TERMS

Final Terms dated [●]

(relating to the base prospectus dated 13 May 2024 [as supplemented on [●]])

Legal entity identifier (LEI): [5493007HX9EKP3XR9846]

HOLMES MASTER ISSUER PLC

(Incorporated with limited liability in England and Wales with registered number 05953811)

(the Master Issuer)

Residential Mortgage-Backed Note Issuance Programme

Issue [●]-[●] Notes

Series	Class	Interest rate	Initial principal amount	Issue price	Scheduled or bullet redemption dates (if applicable)	Step-up date (if applicable)	Final maturity date
[●]	[●]	[●]	[●]	[●]%	[●]	[●]	[●]
[●]	[●]	[●]	[●]	[●]%	[●]	[●]	[●]
[●]	[●]	[●]	[●]	[●]%	[●]	[●]	[●]
[●]	[●]	[●]	[●]	[●]%	[●]	[●]	[●]
[●]	[●]	[●]	[●]	[●]%	[●]	[●]	[●]
[●]	[●]	[●]	[●]	[●]%	[●]	[●]	[●]
[●]	[●]	[●]	[●]	[●]%	[●]	[●]	[●]
[●]	[●]	[●]	[●]	[●]%	[●]	[●]	[●]

[Terms used herein shall be deemed to be defined as such for the purposes of the conditions set forth in the base prospectus dated 13 May 2024 [as supplemented on [●]], which constitutes a base prospectus (the **base prospectus**) for the purposes of Regulation (EU) 2017/1129 as it forms part of UK domestic law by virtue of the European Union (Withdrawal) Act 2018 as amended, varied, superseded or substituted from time to time (the **EUWA**) (the **UK Prospectus Regulation**). [This document constitutes the final terms (the **final terms**) of the Master Issuer notes described herein for the purposes of the UK Prospectus Regulation and must be read in conjunction with the base prospectus in order to obtain all the relevant information.] The base prospectus and these final terms are available for viewing at <https://www.santander.co.uk/about-santander/investor-relations/holmes-master-trust> or may be provided by the Principal Paying Agent by email following prior written request to the Principal Paying Agent. A copy may also be obtained from the website of the London Stock Exchange at <http://www.londonstockexchange.com>.]

[The following alternative language applies if the first tranche of an issue which is being increased was issued under a base prospectus with an earlier date.]

Terms used herein shall be deemed to be defined as such for the purposes of the conditions (the **Conditions**) set forth in the base prospectus dated [original date] which are incorporated by reference in the base prospectus dated [current date]. [This document constitutes the final terms (the **final terms**) of the notes described herein for the purposes of the UK Prospectus Regulation and must be read in conjunction with the base prospectus dated [current date] which constitutes a base prospectus for the purposes of Regulation (EU) 2017/1129 as it forms part of UK domestic law by virtue of the EUWA (the **UK Prospectus Regulation**) in order to obtain all the relevant information.] Full information on the Master Issuer and the offer of the notes is only available on the basis of the combination of these final terms and the base prospectus dated [current date]. The base prospectus and these final terms are available for viewing at <https://www.santander.co.uk/about-santander/investor-relations/holmes-master-trust> or may be provided by the Principal Paying Agent by email following prior written request to the Principal Paying Agent. A copy may also be obtained from the website of the London Stock Exchange at <http://www.londonstockexchange.com>.]

MiFID II product governance / Professional investors and ECPs only target market – Solely for the purposes of [the/each] manufacturer's product approval process, the target market assessment in respect of the issue 20[●]-[●] notes has led to the conclusion that: (i) the target market for the issue 20[●]-[●] notes is eligible counterparties and professional clients only, each as defined in Directive 2014/65/EU (as amended, **MiFID II**); and (ii) all channels for distribution of the issue 20[●]-[●] notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the issue 20[●]-[●] notes (an **EEA distributor**) should take into consideration the manufacturer[s/s'] target market assessment; however, an EEA distributor subject to MiFID II is

responsible for undertaking its own target market assessment in respect of the issue 20[●]-[●] notes (by either adopting or refining the manufacturer[s/s'] target market assessment) and determining appropriate distribution channels.

UK MiFIR product governance / Professional investors and ECPS only target market – Solely for the purposes of [the / each] manufacturer's product approval process, the target market assessment in respect of the issue of 20[●]-[●] notes has led to the conclusion that: (i) the target market for the issue 20[●]-[●] notes is eligible counterparties only, as defined in the FCA Handbook Conduct of Business Sourcebook (**COBS**), and professional clients, as defined in Regulation (EU) No 600/2014 as it forms part of UK domestic law by virtue of the EUWA (**UK MiFIR**); and (ii) all channels for distribution of the issue 20[●]-[●] notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the issue 20[●]-[●] notes (a **UK distributor**) should take into consideration the manufacturers' target market assessment; however, a UK distributor subject to FCA Handbook Product Intervention and Product Governance Sourcebook (the **UK MiFIR Product Governance Rules**) is responsible for undertaking its own target market assessment in respect of the issue 20[●]-[●] notes (by either adopting or refining the manufacturers' target market assessment) and determining appropriate distribution channels.

Prohibition of sales to EEA retail investors – The issue 20[●]-[●] 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 (EU) 2016/97, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II. Consequently no key information document required by Regulation (EU) No 1286/2014 (the **EU PRIIPs Regulation**) for offering or selling the issue 20[●]-[●] notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the issue 20[●]-[●] notes or otherwise making them available to any retail investor in the EEA may be unlawful under the EU PRIIPs Regulation.

Prohibition of sales to UK retail investors – The issue 20[●]-[●] notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the United Kingdom (the **UK**). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of UK domestic law by virtue of the European Union (Withdrawal) Act 2018 (the **EUWA**); or (ii) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of UK domestic law by virtue of the EUWA;. Consequently, no key information document required by Regulation (EU) No 1286/2014 as it forms part of UK domestic law by virtue of the EUWA (the **UK PRIIPs Regulation**) for offering or selling the issue 20[●]-[●] notes or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the issue 20[●]-[●] notes or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

[The issue 20[●]-[●] notes have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the **Securities Act**) or the securities laws of any state or other jurisdiction of the United States and the issue 20[●]-[●] notes 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 to persons that are QIBs within the meaning of Rule 144A, or in transactions that occur outside the United States to persons other than U.S. persons in accordance with Regulation S or in other transactions exempt from registration under the Securities Act and, in each case, in compliance with applicable securities laws. Prospective purchasers are hereby notified that sellers of the issue [●] notes may be relying on the exemption from the provisions of section 5 of the Securities Act provided by Rule 144A.]

Arranger for the programme

[●]

Dealers

[●]

[●]

[●]

dated [●]

[A column to be added for each further class of notes of the applicable series on the right hand side of the page]

	Class [●] Notes	Class [●] Notes
1. Issue Number:	[●]	[●]
2. Class of Master Issuer notes:	[●]	[●]
[Class Z VFN Minimum Percentage]	[●]	[●]
<i>[Note – a percentage of the aggregate outstanding balance of the Rated Notes]</i>		
3. Series Number:	[●]	[●]
4. Specified Currency or Currencies:	[●]	[●]
5. Initial Principal Amount:	[●]	[●]
6. (a) Issue Price:	[●]% of the Aggregate Nominal Amount [plus accrued interest from [●]]	[●]% of the Aggregate Nominal Amount [plus accrued interest from [●]]
(b) Net proceeds:	[●]	[●]
7. Required Subordinated Percentage:	[●]	[●]
8. (a) Funding Reserve Fund Required Amount:	[For all notes, on any Interest Payment Date, an amount which is the higher of: (1) an amount equal to the First Reserve Fund Percentage (as specified in the most recent final terms) of the aggregate outstanding balance of the rated Master Issuer notes as at such Interest Payment Date; and (2) the first reserve fund minimum amount.]	[For all notes, on any Interest Payment Date, an amount which is the higher of: (1) an amount equal to the First Reserve Fund Percentage (as specified in the most recent final terms) of the aggregate outstanding balance of the rated Master Issuer notes as at such Interest Payment Date; and (2) the first reserve fund minimum amount.]
(b) [First Reserve Fund Percentage:]	[●] per cent.	[●] per cent.
(c) [First Reserve Fund Minimum Amount]	£[●]	£[●]
(d) [First Reserve Fund Additional Required Amount:]	[On the closing date] £[●]	[On the closing date] £[●]
9. Interest-only mortgage level test:	“C” for these purposes is [●]	“C” for these purposes is [●]
10. Ratings ([Fitch/Moody's/S&P, as applicable]):	[●]/[●]/[●]	[●]/[●]/[●]

	Class [●] Notes	Class [●] Notes
	[Fitch Ratings Ltd. (Fitch) (endorsed by: [●]).]	[Fitch Ratings Ltd. (Fitch) (endorsed by: [●]).]
	[Moody's Investors Service Limited (Moody's) (endorsed by: [●]).]	[Moody's Investors Service Limited (Moody's) (endorsed by: [●]).]
	[S&P Global Ratings Europe Limited (S&P) (endorsed by: [●])]	[S&P Global Ratings Europe Limited (S&P) (endorsed by: [●])]
	[Not Applicable]	[Not Applicable]
11. Specified Denominations:	[●]	[●]
12. (a) Closing Date/Issue Date:	[●]	[●]
(b) Interest Commencement Date:	[●]	[●]
13. Final Maturity Date:	[●] [Floating rate – Interest Payment Date falling in or nearest to [●]]	[●] [Floating rate – Interest Payment Date falling in or nearest to [●]]
14. Interest Basis:	[[●]% Fixed Rate] [[Compounded Daily SONIA/ [●] EURIBOR/ Compounded Daily SOFR]] +/- [●]% Floating Rate] Compounded Daily €STR / EURIBOR] +/- [●] per cent. Floating Rate] [where Compounded Daily SONIA/SOFR/€STR] means [●] [where [●] means [●]] [until the earlier of] [the Step-Up Date] [and/or] [a Trigger Event] [and/or] [the enforcement of the Master Issuer security] [and/or] [enforcement of the Funding security], and thereafter as set out under “Provisions Relating to Interest (if any) Payable” below]]	[[●]% Fixed Rate] [[Compounded Daily SONIA/ [●] EURIBOR/ Compounded Daily SOFR]] +/- [●]% Floating Rate] Compounded Daily €STR / EURIBOR] +/- [●] per cent. Floating Rate] [where Compounded Daily SONIA/SOFR/€STR] means [●] [where [●] means [●]] [until the earlier of] [the Step-Up Date] [and/or] [a Trigger Event] [and/or] [the enforcement of the Master Issuer security] [and/or] [enforcement of the Funding security], and thereafter as set out under “Provisions Relating to Interest (if any) Payable” below]]
15. Benchmark Administrator	[Name of benchmark administrator]/[N/A]	[Name of benchmark administrator]/[N/A]

Class [●] Notes

[As at the Issue Date, [name of benchmark administrator] [appears]/[does not appear] on the register of administrators and benchmarks established and maintained by the European Securities and Markets Authority (**ESMA**) pursuant to Article 36 of Regulation (EU) 2016/1011 (the **EU Benchmarks Regulation**). [As far as the Master Issuer is aware, the transitional provisions in Article 51 of the EU Benchmarks Regulation apply, such that [name of benchmark administrator] is not currently required to obtain authorisation or registration (or, if located outside the European Union, recognition, endorsement or equivalence).]

[As at the issue date, [name of benchmark administrator] [appears]/[does not appear] on the register of administrators and benchmarks established and maintained by the Financial Conduct Authority (FCA) pursuant to Article 36 of Regulation (EU) 2016/1011 as it forms part of UK domestic law by virtue of the EUWA (the UK Benchmarks Regulation).] [As far as the Master Issuer is aware, the transitional provisions in Article 51 of the UK Benchmarks Regulation apply, such that [name of benchmark administrator] is not currently required to obtain authorisation or registration (or, if located outside the UK, recognition, endorsement or equivalence).]

Class [●] Notes

[As at the Issue Date, [name of benchmark administrator] [appears]/[does not appear] on the register of administrators and benchmarks established and maintained by the European Securities and Markets Authority (**ESMA**) pursuant to Article 36 of Regulation (EU) 2016/1011 (the **EU Benchmarks Regulation**). [As far as the Master Issuer is aware, the transitional provisions in Article 51 of the EU Benchmarks Regulation apply, such that [name of benchmark administrator] is not currently required to obtain authorisation or registration (or, if located outside the European Union, recognition, endorsement or equivalence).]

[As at the issue date, [name of benchmark administrator] [appears]/[does not appear] on the register of administrators and benchmarks established and maintained by the Financial Conduct Authority (FCA) pursuant to Article 36 of Regulation (EU) 2016/1011 as it forms part of UK domestic law by virtue of the EUWA (the UK Benchmarks Regulation).] [As far as the Master Issuer is aware, the transitional provisions in Article 51 of the UK Benchmarks Regulation apply, such that [name of benchmark administrator] is not currently required to obtain authorisation or registration (or, if located outside the UK, recognition, endorsement or equivalence).]

Class [●] Notes

[As far as the Master Issuer is aware, [[insert benchmark] does not fall within the scope of the EU Benchmarks Regulation by virtue of Article 2 of the EU Benchmarks Regulation] OR [the transitional provisions in Article 51 of the EU Benchmarks Regulation apply], such that [name of administrator] is not currently required to obtain authorisation or registration (or, if located outside the European Union, recognition, endorsement or equivalence).]*]

[As far as the Master Issuer is aware, [[insert benchmark] does not fall within the scope of the UK Benchmarks Regulation by virtue of Article 2 of the UK Benchmarks Regulation] OR [the transitional provisions in Article 51 of the UK Benchmarks Regulation apply], such that [name of administrator] is not currently required to obtain authorisation or registration (or, if located outside the UK, recognition, endorsement or equivalence).]*]

**To be inserted if prior statement is negative*

[Bullet Redemption]
[Scheduled Amortisation]
[Pass-through]

Class [●] Notes

[As far as the Master Issuer is aware, [[insert benchmark] does not fall within the scope of the EU Benchmarks Regulation by virtue of Article 2 of the EU Benchmarks Regulation] OR [the transitional provisions in Article 51 of the Benchmarks Regulation apply], such that [name of administrator] is not currently required to obtain authorisation or registration (or, if located outside the European Union, recognition, endorsement or equivalence).]*]

[As far as the Master Issuer is aware, [[insert benchmark] does not fall within the scope of the UK Benchmarks Regulation by virtue of Article 2 of the UK Benchmarks Regulation] OR [the transitional provisions in Article 51 of the UK Benchmarks Regulation apply], such that [name of administrator] is not currently required to obtain authorisation or registration (or, if located outside the UK, recognition, endorsement or equivalence).]*]

**To be inserted if prior statement is negative*

[Bullet Redemption]
[Scheduled Amortisation]
[Pass-through]

16. Redemption/Payment Basis:

	Class [●] Notes	Class [●] Notes
17. Change of Interest Basis or Redemption/Payment Basis:	[Not Applicable] / [Applicable – See “ <i>Interest Basis</i> ” above] / [Following [the earlier of] [the Step-Up Date] [and/or] [a Trigger Event] [and/or] [the enforcement of the Master Issuer security] [and/or] [enforcement of the Funding security], [[Compounded Daily SONIA/EURIBOR/ [●]Compounded Daily SOFR/Compounded Daily €STR]] +/- [●]% Floating Rate] [where Compounded Daily [SONIA/SOFR/€STR] means [●]] [where [●] means [●]]	[Not Applicable] / [Applicable – See “ <i>Interest Basis</i> ” above] / [Following [the earlier of] [the Step-Up Date] [and/or] [a Trigger Event] [and/or] [the enforcement of the Master Issuer security] [and/or] [enforcement of the Funding security], [[Compounded Daily SONIA/EURIBOR/ Compounded Daily SOFR/Compounded Daily €STR]] +/- [●]% Floating Rate] [where Compounded Daily [SONIA/SOFR/€STR] means [●]] [where [●] means [●]]
	[Redeemable in full on [each interest payment date] [●]]	[Redeemable in full on [each interest payment date] [●]]
18. (a) Listing:	Main market of the London Stock Exchange	Main market of the London Stock Exchange
(b) Estimate of total expenses related to admission to trading:	[For all notes] [●]	[For all notes] [●]
19. Method of distribution:	[Syndicated/Non-syndicated/Retained]	[Syndicated/Non-syndicated/Retained]
20. Placement disclosure for PCS purposes only:	[Not Applicable/Applicable: [Private/Public/Retained]]	[Not Applicable/Applicable: [Private/Public/Retained]]

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

21. Fixed Rate Note Provisions:	[Applicable/Not Applicable]	[Applicable/Not Applicable]
(a) Rate(s) of Interest:	[●]% per annum [payable [annually/semi-annually/quarterly] in arrear]	[●]% per annum [payable [annually/semi-annually/quarterly] in arrear]

	Class [●] Notes	Class [●] Notes
(b) Interest Payment Date(s):	<p>[[15]th day of [January], [April], [July] and [October] in each year up to and including the Final Maturity Date] [the Step-Up Date] [and/or]</p> <p>[The [15]th day of each calendar month in each year up to and including the Final Maturity Date or, following [the earlier of] [the Step-Up Date] [and/or] [a Trigger Event] [and/or] [the enforcement of the Master Issuer security] [and/or] [enforcement of the Funding security], the [15]th day of [January], [April], [July] and [October] in each year up to and including the Final Maturity Date]</p>	<p>[[15]th day of [January], [April], [July] and [October] in each year up to and including the Final Maturity Date] [the Step-Up Date] [and/or]</p> <p>[The [15]th day of each calendar month in each year up to and including the Final Maturity Date or, following [the earlier of] [the Step-Up Date] [and/or] [a Trigger Event] [and/or] [the enforcement of the Master Issuer security] [and/or] [enforcement of the Funding security], the [15]th day of [January], [April], [July] and [October] in each year up to and including the Final Maturity Date]</p>
(c) Business Day Convention:	[Following Business Day Convention / Modified Following Business Day Convention / Preceding Business Day Convention / Modified Preceding Business Day Convention]	[Following Business Day Convention / Modified Following Business Day Convention / Preceding Business Day Convention / Modified Preceding Business Day Convention]
(d) Business Day(s):	[●]	[●]
(e) Additional Business Centre(s):	[●]/[Not Applicable]	[●]/[Not Applicable]
(f) Initial Interest Payment Date:	[●]	[●]
(g) Fixed Coupon Amount(s):	<p>[[●] per [●] in nominal amount]</p> <p>[Prior to the occurrence of [a Trigger Event] [and/or] [the Step-Up Date] [and/or] [enforcement of the Master Issuer security] [and/or] [enforcement of the funding security] [and] [except in respect of the first Interest Payment date (when the amount payable shall be the Broken Amount specified in 21(h) below),] the Fixed Coupon Amount shall be [●] per [●] in nominal amount]</p>	<p>[[●] per [●] in nominal amount]</p> <p>[Prior to the occurrence of [a Trigger Event] [and/or] [the Step-Up Date] [and/or] [enforcement of the Master Issuer security] [and/or] [enforcement of the funding security] [and] [except in respect of the first Interest Payment date (when the amount payable shall be the Broken Amount specified in 21(h) below),] the Fixed Coupon Amount shall be [●] per [●] in nominal amount]</p>
(h) Broken Amount(s):	[[●]/[Not Applicable]]	[[●]/[Not Applicable]]

	Class [●] Notes	Class [●] Notes
(i) Day Count Fraction:	[Actual/Actual (ICMA) Actual/Actual (ISDA) Actual/365 Actual/365 (Fixed) Actual/365 (Sterling) Actual/360 30/360 30E/360] [adjusted/not adjusted]	[Actual/Actual (ICMA) Actual/Actual (ISDA) Actual/365 Actual/365 (Fixed) Actual/365 (Sterling) Actual/360 30/360 30E/360] [adjusted/not adjusted]
(j) Determination Date(s):	[[●] in each year/[Not Applicable]]	[[●] in each year/[Not Applicable]]
22. Floating Rate Note Provisions:	[Applicable/Not Applicable]	[Applicable/Not Applicable]
	[Applicable following the earlier to occur of [the Step-Up Date] [and/or] [a Trigger Event] [and/or] [enforcement of the Master Issuer security] [and/or] [enforcement of the funding security]	[Applicable following the earlier to occur of [the Step-Up Date] [and/or] [a Trigger Event] [and/or] [enforcement of the Master Issuer security] [and/or] [enforcement of the funding security]
(a) Interest Payment Dates:	[[15]th day of [January], [April], [July] and [October] in each year up to and including the Final Maturity Date] [The [15]th day of each calendar month in each year up to and including the Final Payment Date or, following [the earlier of] [the Step-Up Date] [and/or] [a Trigger Event] [and/or] [the enforcement of the Master Issuer security] [and/or] [enforcement of the Funding security], the [15]th day of [January], [April], [July] and [October] in each year up to and including the Final Maturity Date]	[[15]th day of [January], [April], [July] and [October] in each year up to and including the Final Maturity Date] [The [15]th day of each calendar month in each year up to and including the Final Payment Date or, following [the earlier of] [the Step-Up Date] [and/or] [a Trigger Event] [and/or] [the enforcement of the Master Issuer security] [and/or] [enforcement of the Funding security], the [15]th day of [January], [April], [July] and [October] in each year up to and including the Final Maturity Date]
(b) Business Day Convention:	[Floating Rate Convention / Following Business Day Convention / Modified Following Business Day Convention / Preceding Business Day Convention / Modified Preceding Business Day Convention]	[Floating Rate Convention / Following Business Day Convention / Modified Following Business Day Convention / Preceding Business Day Convention / Modified Preceding Business Day Convention]
(c) Business Day(s):	[●]	[●]

		Class [●] Notes	Class [●] Notes
(d)	Additional Business Centre(s):	[●]/[Not Applicable]	[●]/[Not Applicable]
(e)	Manner in which the Rate of Interest and Interest Amount is to be determined:	Screen Rate Determination	Screen Rate Determination
(f)	Party responsible for calculating the Rate of Interest and Interest Amount (if not the Agent Bank):	[[●]/[Not Applicable]]	[[●]/[Not Applicable]]
(g)	Screen Rate Determination:	Applicable	Applicable
	• Reference Rate:	[Compounded Daily SONIA] / [Compounded Daily SOFR] / [Compounded Daily €STR] / [[●] month [EURIBOR]]	[Compounded Daily SONIA] / [Compounded Daily SOFR] / [Compounded Daily €STR] / [[●] month [EURIBOR]]
	• Specified Time:	[[11.00 a.m/[●] in the Relevant Financial Centre]/[Not Applicable]	[[11.00 a.m/[●] in the Relevant Financial Centre]/[Not Applicable]
	• Relevant Financial Centre:	[London/New York/[●]]/[Not Applicable]	[London/New York/[●]]/[Not Applicable]
	• Observation Method:	[Not Applicable/Lag/Shift] / [unless otherwise agreed with the Principal Paying Agent or [●]], (being no less than [●] [London Banking Days] / [U.S. Government Securities Business Days/ TARGET Business Days]	[Not Applicable/Lag/Shift] / [unless otherwise agreed with the Principal Paying Agent or [●]], (being no less than [●] [London Banking Days] / [U.S. Government Securities Business Days / TARGET Business Days]
	• Observation Look-back Period <i>p</i> :	[●]/ [Not Applicable] [unless otherwise agreed with [the Principal Paying Agent/[the party responsible for the calculation of the Rate of Interest, as specified in 23(a) above]]], (being no less than [5]/[●] [London Banking Days] / [U.S. Government Securities Business Days / TARGET Business Days]) / [where [●] means [●]]	[●]/ [Not Applicable] [unless otherwise agreed with [the Principal Paying Agent/[the party responsible for the calculation of the Rate of Interest, as specified in 23(a) above]]], (being no less than [5]/[●] [London Banking Days] / [U.S. Government Securities Business Days / TARGET Business Days]) / [where [●] means [●]]

		Class [●] Notes	Class [●] Notes
	• Initial Interest Payment Date:	[●] [Following the occurrence of [the Step-Up Date] [and/or] [a Trigger Event] [and/or] [enforcement of the Master Issuer security] [and/or] [enforcement of the funding security], the [●] day of [January], [April], [July] and [October] in each year up to and including the Final Maturity Date]	[●] [Following the occurrence of [the Step-Up Date] [and/or] [a Trigger Event] [and/or] [enforcement of the Master Issuer security] [and/or] [enforcement of the funding security], the [●] day of [January], [April], [July] and [October] in each year up to and including the Final Maturity Date]
	• Interest Determination Date(s):	[[The first day of each interest period]/[Two London Business Days prior to the start of each interest period]/ [The day that is the [fourth] U.S. Government Securities Business Day prior to the Interest Payment Date in respect of the relevant Interest Period]/[●]]	[[The first day of each interest period]/[Two London Business Days prior to the start of each interest period]/ [The day that is the [fourth] U.S. Government Securities Business Day prior to the Interest Payment Date in respect of the relevant Interest Period]/[●]]
	• Relevant Screen Page:	[●]/[Not Applicable]	[●]/[Not Applicable]
	• Overnight Rate:	[Applicable/Not Applicable]	[Applicable/Not Applicable]
	• Index Determination:	[Applicable/Not Applicable]	[Applicable/Not Applicable]
	• Designated Source:	[Not Applicable]/[SOFR Administrator's Website]/[€STR Administrator's Website]/ [●]	[Not Applicable]/[SOFR Administrator's Website]/[€STR Administrator's Website]/ [●]
	• [SONIA][SOFR][€STR] Index:	[●] [as per the Conditions]	[●] [as per the Conditions]
(h)	Margin(s):	[●]% per annum [or [●]% following the occurrence of [a Trigger Event] [and/or] [enforcement of the Master Issuer security] [and/or] [enforcement of the funding security]	[●]% per annum [or [●]% following the occurrence of [a Trigger Event] [and/or] [enforcement of the Master Issuer security] [and/or] [enforcement of the funding security]
(i)	Minimum Rate of Interest:	[Not Applicable]/[●]% per annum]	[Not Applicable]/[●]% per annum]
(j)	Maximum Rate of Interest:	[Not Applicable]/[●]% per annum]	[Not Applicable]/[●]% per annum]

		Class [●] Notes	Class [●] Notes
(k)	Step-Up Date:	[Not Applicable/Interest Payment Date occurring in [●] on which date [each of the Margin, the Minimum Rate of Interest and the Maximum Rate of Interest shall be replaced with the Step-Up Margin, the Step-Up Minimum Rate of Interest and the Step-Up Maximum Rate of Interest, respectively] [the Fixed Rate of Interest shall be replaced with [[Compounded Daily SONIA/ EURIBOR/ Compounded Daily SOFR/ Compounded Daily €STR]] plus the Step-Up Margin] [where Compounded Daily [SONIA/SOFR/€STR] means [●]] [where [●] means [●]]	[Not Applicable/Interest Payment Date occurring in [●] on which date [each of the Margin, the Minimum Rate of Interest and the Maximum Rate of Interest shall be replaced with the Step-Up Margin, the Step-Up Minimum Rate of Interest and the Step-Up Maximum Rate of Interest, respectively] [the Fixed Rate of Interest shall be replaced with [[Compounded Daily SONIA/ EURIBOR/ Compounded Daily SOFR/ Compounded Daily €STR]] plus the Step-Up Margin] [where Compounded Daily [SONIA/SOFR/€STR] means [●]] [where [●] means [●]]
	• Step-Up Margin(s):	[Not Applicable/[●]% per annum]	[Not Applicable/[●]% per annum]
	• Step-Up Minimum Rate of Interest:	[Not Applicable/[●]% per annum]	[Not Applicable/[●]% per annum]
	• Step-Up Maximum Rate of Interest:	[Not Applicable/[●]% per annum]	[Not Applicable/[●]% per annum]
(l)	Day Count Fraction:	[Actual/Actual (ISDA) Actual/365 (Fixed) Actual/365 (Sterling) Actual/360 30/360 30E/360] [adjusted/not adjusted]	[Actual/Actual (ISDA) Actual/365 (Fixed) Actual/365 (Sterling) Actual/360 30/360 30E/360] [adjusted/not adjusted]

GENERAL PROVISIONS APPLICABLE TO THE MASTER ISSUER NOTES

23.	(a) New Safekeeping Structure:	[Applicable/Not Applicable]	[Applicable/Not Applicable]
	(b) Form of Master Issuer notes:	Registered Master Issuer notes:	Registered Master Issuer notes:

	Class [●] Notes	Class [●] Notes
	[Reg S Global Note registered in the name of a nominee for [a common depository] [a common safekeeper] for Euroclear and Clearstream, Luxembourg]/[U.S. Global Note/Rule 144A Global Note registered in the name of a nominee for [DTC][a common depository for Euroclear and Clearstream, Luxembourg][a common safekeeper for Euroclear and Clearstream, Luxembourg]]	[Reg S Global Note registered in the name of a nominee for [a common depository] [a common safekeeper] for Euroclear and Clearstream, Luxembourg]/[U.S. Global Note/Rule 144A Global Note registered in the name of a nominee for [DTC][a common depository for Euroclear and Clearstream, Luxembourg][a common safekeeper for Euroclear and Clearstream, Luxembourg]]
24. Details relating to Bullet Redemption Notes:	[Applicable/Not Applicable]	[Applicable/Not Applicable]
(a) Redemption Amount:	[●]	[●]
(b) Bullet Redemption Date:	Interest Payment Date falling in [●]	Interest Payment Date falling in [●]
25. Details relating to Scheduled Redemption Notes:	[Applicable/Not Applicable]	[Applicable/Not Applicable]
(a) Scheduled Redemption Dates:	[●]	[●]
(b) Scheduled Amortisation Amounts:	[●]: [●]	[●]: [●]
26. Details relating to Pass-Through Notes:	[Applicable/Not Applicable]	[Applicable/Not Applicable]
(a) Pass-through repayment dates:	[Not Applicable/To be redeemed in full or in part on each Interest Payment Date falling on or after the Interest Payment Date [in [●]/on which all the [●] Series [●] Class [●] Notes [and the [●] Series [●] Class [●] Notes]] have been redeemed in full]]	[Not Applicable/To be redeemed in full or in part on each Interest Payment Date falling on or after the Interest Payment Date [in [●]/on which all the [●] Series [●] Class [●] Notes [and the [●] Series [●] Class [●] Notes]] have been redeemed in full]]
27. (a) Redemption Amount:	[Condition 6.6 (<i>Redemption Amounts</i>) applicable/[●]]	[Condition 6.6 (<i>Redemption Amounts</i>) applicable/[●]]
(b) Optional Redemption:	[Not Applicable/Condition [6.4(c) (<i>Optional Redemption in Full</i>)] [and 6.9 (<i>Optional Redemption in Part</i>)] applicable]	[Not Applicable/Condition 6.4(c) (<i>Optional Redemption in Full</i>) [and 6.9 (<i>Optional Redemption in Part</i>)] applicable]

	Class [●] Notes	Class [●] Notes
(c) Optional Redemption Date:	[Not Applicable/[●]]	[Not Applicable/[●]]
(d) Optional Partial Redemption Date(s) and Instalment Amount(s):	[Not Applicable/[●]]	[Not Applicable/[●]]
28. Purchase Option:		
(a) Initial Purchase Date:	[[●]/Not Applicable]	[[●]/Not Applicable]
(b) Final Purchase Date:	[[●]/Not Applicable]	[[●]/Not Applicable]
29. Master Issuer Swap Provider(s):	[Santander UK plc/Not Applicable]	[Santander UK plc/Not Applicable]
30. 2a-7 Swap Provider Arrangements:		
(a) Do the Master Issuer notes have the benefit of 2a-7 swap provider arrangements:	[Yes/No]	[Yes/No]
(b) Name of 2a-7 swap provider:	[[●]/Not Applicable]	[[●]/Not Applicable]
31. Specified currency exchange rate (Sterling/specified currency):	[Not Applicable £1.00/US\$[●] €1.00/£[●] ¥1.00/£[●] [●]]	[Not Applicable £1.00/US\$[●] €1.00/£[●] ¥1.00/£[●] [●]]
32. Redenomination applicable:	[Yes/No]	[Yes/No]
33. ERISA Eligibility:	[Yes, subject to the considerations in the section “ERISA considerations” in the base prospectus/No]	[Yes, subject to the considerations in the section “ERISA considerations” in the base prospectus/No]
34. U.S. Credit Risk Retention:	[Not Applicable]/[The seller expects the seller share on the closing date to be equal to \$[●], representing approximately [●]% of the aggregate unpaid principal balance of all outstanding notes as of <i>[date no more than 60] days prior to closing date</i> , measured in accordance with the provisions of the U.S. Credit Risk Retention Requirements]	[Not Applicable]/[The seller expects the seller share on the closing date to be equal to \$[●], representing approximately [●]% of the aggregate unpaid principal balance of all outstanding notes as of <i>[date no more than 60] days prior to closing date</i> , measured in accordance with the provisions of the U.S. Credit Risk Retention Requirements]
35. Money Market Notes (2a-7):	[Yes/No]	[Yes/No]
36. Notes to be purchased and retained by Santander UK plc:	[Yes/No]	[Yes/No]

Class [●] Notes

Class [●] Notes

OPERATIONAL INFORMATION

37.	Any clearing system(s) other than DTC, Euroclear or Clearstream, Luxembourg and the relevant identification numbers:	[Not Applicable/PORTAL/[●]]	[Not Applicable/PORTAL/[●]]
38.	Delivery:	[Rule 144A/Reg S:] Delivery [against/free of] payment	[Rule 144A/Reg S:] Delivery [against/free of] payment
39.	Names and addresses of additional Paying Agent(s) (if any):	[●]	[●]
40.	ISIN:	[U.S. Global Note to be held through [DTC/Euroclear/Clearstream]: [●]/Reg S Global Note: [●]]	[U.S. Global Note to be held through [DTC/Euroclear/Clearstream]: [●]/Reg S Global Note: [●]]
41.	Common Code:	[U.S. Global Note to be held through [DTC/Euroclear/Clearstream]: [●]/Reg S Global Note: [●]]	[U.S. Global Note to be held through [DTC/Euroclear/Clearstream]: [●]/Reg S Global Note: [●]]
42.	CFI Code:	[●]	[●]
43.	FISN:	[●]	[●]
44.	CUSIP:	[Not Applicable/[●]]	[Not Applicable/[●]]
45.	Intended to be held in a manner which would allow Eurosystem eligibility:	[No][Yes. Note that the designation “yes” means that the Global Notes are intended upon issue to be deposited with one of the international central securities depositories as common safekeeper, and registered in the name of a nominee of one of the international central securities depositories acting as common safekeeper, and does not necessarily mean that the Master Issuer notes will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon satisfaction of the Eurosystem eligibility criteria.]	[No][Yes. Note that the designation “yes” means that the Global Notes are intended upon issue to be deposited with one of the international central securities depositories as common safekeeper, and registered in the name of a nominee of one of the international central securities depositories acting as common safekeeper, and does not necessarily mean that the Master Issuer notes will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon satisfaction of the Eurosystem eligibility criteria.]

	Class [●] Notes	Class [●] Notes
TERM ADVANCE INFORMATION		
46. Term Advance:	[AAA/AA/A/BBB/NR[VFN]]	[AAA/AA/A/BBB/NR[VFN]]
47. Borrower:	Holmes Funding Limited	Holmes Funding Limited
48. Designated Term Advance rating:	[AAA Term Advance/AA Term Advance /A Term Advance /BBB Term Advance / NR [VFN] Term Advance]	[AAA Term Advance/AA Term Advance /A Term Advance /BBB Term Advance / NR [VFN] Term Advance]
49. Designation of Term Advance:	[Bullet Term Advance /Scheduled Amortisation Term Advance /Pass-Through Term Advance]	[Bullet Term Advance /Scheduled Amortisation Term Advance /Pass-Through Term Advance]
50. Initial Principal Amount:	£[●]	£[●]
(a) Closing Date:	[●]	[●]
(b) Interest Commencement Date:	[●]	[●]
51. Initial interest rate per annum:	[●] [(or in respect of the first Interest Period, the linear interpolation of [●] and [●]) [-/+] [●]% per annum [plus, in respect of each Interest Payment Date, the Class [●] NIRM Margin]	[●] [(or in respect of the first Interest Period, the linear interpolation of [●] and [●]) [-/+] [●]% per annum [plus, in respect of each Interest Payment Date, the Class [●] NIRM Margin]
52. Step-Up Date (if any):	[The Interest Payment Date falling in [●]/Not Applicable]	[The Interest Payment Date falling in [●]/Not Applicable]
53. Stepped-up interest rate per annum:	[[●]% per annum [plus, in respect of each Interest Payment Date, the Class [●] NIRM Margin]/Not Applicable]	[[●]% per annum [plus, in respect of each Interest Payment Date, the Class [●] NIRM Margin]/Not Applicable]
54. Details relating to Bullet Term Advances:	[Applicable/Not Applicable]	[Applicable/Not Applicable]
(a) Bullet Repayment Date:	[●]/[Not Applicable]	[●]/[Not Applicable]
(b) Relevant Bullet Amount:	[●]/[Not Applicable]	[●]/[Not Applicable]
55. Details relating to Scheduled Amortisation Term Advances:	[Applicable/Not Applicable]	[Applicable/Not Applicable]
(a) Scheduled Repayment Dates:	[Interest Payment Dates falling in [●]]/[Not Applicable]	[Interest Payment Dates falling in [●]]/[Not Applicable]
(b) Scheduled Amortisation Amounts:	[●]: [●]	[●]: [●]

	Class [●] Notes	Class [●] Notes
56. Details relating to Pass-Through Term Advances:	[Applicable/Not Applicable]	[Applicable/Not Applicable]/ [Applicable – the NR Term Advance will become due and payable in the following amounts on the following Interest Payment Dates: [●]: Up to £[●] [●]: Up to £[●] [●]: Up to £[●] [●]: Up to £[●] [●]: Up to £[●]]
57. Final Repayment Date:	The Interest Payment Date falling in [●]	The Interest Payment Date falling in [●]
(a) Interest Payment Dates:	Each Interest Payment Date	Each Interest Payment Date
(b) Initial Interest Payment Dates:	[●]	[●]

REMARKETING ARRANGEMENTS

58. Do the Master Issuer notes have the benefit of remarketing arrangements:	[Yes/No]	[Yes/No]
If yes:		
• Name of remarketing bank:	[●]	[●]
• Name of conditional purchaser:	[●]	[●]
• Series and Class (or Sub-Class) of relevant Master Issuer notes:	[●]	[●]
• Transfer Date:	[●]	[●]

[PROVISIONS RELATING TO NON-LSE LISTED NOTES (INCLUDING FOREIGN LAW NOTES) ONLY

59. Governing law:	[●]	[●]
60. Form of notes:	[●]	[●]
61. Clearing of notes:	[●]	[●]
62. [Paying agent]:	[●]	[●]
63. [Other terms and conditions]:	[●]	[●]

New start-up loan

[The new start-up loan to be made available by Santander UK (in its capacity as the start-up loan provider) to Funding on the closing date in connection with the issue [●]-[●] notes will have the terms as set out in "**Series Start-up Loan and Previous Start-up Loan to Funding**" below. / There will not be a new start-up loan agreement in connection with the issue of the [●]-[●] notes.]

[Class [●] NIRM Margin

The additional margin applicable to the Series [●] (Class [●]) AAA Term Advance equal to the NIRM Amount payable under the issue [●] Class [●] Master Issuer swap agreement (in circumstances where the sum of [base rate] and the relevant spread is a negative rate) on the relevant Interest Payment Date.

NIRM Amount means, in respect of a calculation period under the relevant Master Issuer swap agreement, the amount (if any) payable to the Master Issuer swap provider pursuant to section 6.4 (Floating Negative Interest Rates) of the 2006 ISDA Definitions of the relevant Master Issuer swap agreement in respect of such calculation period.]

Other series issued

As of the closing date of the issue [●]-[●] notes (the **closing date**), the aggregate principal amount outstanding of Master Issuer notes issued by the Master Issuer (converted, where applicable, into sterling at the applicable specified currency exchange rate), including the issue [●]-[●] notes described herein, will be as set out in "**Master Issuer notes**" below.

Other term advances

As of the closing date, the aggregate outstanding principal balance of term advances advanced by the Master Issuer to Funding under the master intercompany loan agreement, including the term advances described herein, will be as set out in "**Master Issuer notes**" below.

Mortgages trust and the portfolio

As at the closing date the minimum seller share will be approximately £[●].

First reserve fund

As at the closing date, the definition of **first reserve fund additional required amount** will be, with respect to each Interest Payment Date, an amount equal to the sum of the first reserve fund required amount and if an arrears trigger event (calculated, in each case, as of the last calendar day of the month immediately preceding the closing date or such Interest Payment Date, as applicable) has occurred with respect to such Interest Payment Date (a) under item (i) only of the arrears trigger event definition, £[●] million, (b) under item (ii) only of the arrears trigger event definition, £[●] million, or (c) under both items (i) and (ii) of the arrears trigger event definition, £[●] million.

As at the closing date, the definition of **first reserve fund required amount** will be £[●] million [(being an amount equal to [●] per cent. of the aggregate outstanding balance of the Master Issuer rated notes)] [(being an amount equal to the first reserve fund percentage of the aggregate outstanding balance of the Master Issuer rated notes)] [(being the first reserve fund minimum amount)]. [If, on the interest payment date falling in [●], the Master Issuer exercises its option to redeem the [●]-[●] notes issued by it, then the first reserve fund required amount and the first reserve fund additional required amount will each decrease (subject to rating agency approval) by an additional amount of approximately £[●].

Funding liquidity reserve fund

On the closing date, the definition of **Funding liquidity reserve fund** means the reserve fund to be established on downgrade of the long term rating of the seller assigned by Moody's below [A3] (unless Moody's confirms that the then current ratings of the outstanding Master Issuer rated notes will not be adversely affected by the ratings downgrade) to help meet any deficit in Funding available revenue receipts which are allocated to the Master Issuer to pay amounts due on the intercompany loan advanced by the Master Issuer to Funding,

but only in certain limited circumstances, as described further in "**Credit structure – Funding liquidity reserve fund**" in the base prospectus.

On the closing date, the definition of **Funding liquidity reserve required amount** shall be an amount calculated in the formula set out in "**Credit structure – Funding liquidity reserve fund**" in the base prospectus.

[Arrears trigger event

As at the closing date, **arrears trigger event** means either (i) the outstanding principal balance of the loans in arrears for more than 90 days divided by the outstanding principal balance of all of the loans in the mortgages trust (expressed as a percentage) exceeds [●] per cent. or (ii) the Master Issuer does not exercise its option to redeem the Master Issuer notes on the relevant step-up date pursuant to the terms and conditions of the Master Issuer notes (but only where such right of redemption arises on or after a particular specified date and not as a result of the occurrence of any event specified in the terms and conditions of the relevant Master Issuer notes).]

U.S. taxation

U.S. tax counsel is of the opinion that, although there is no authority on the treatment of instruments substantially similar to the issue [●]-[●] notes, such notes [will/should] be treated as debt for U.S. federal income tax purposes. For further information, see "**United States taxation**" "**—Characterisation of the Master Issuer notes**" and "**—Master Issuer notes as debt of Funding**" in the base prospectus.

Mortgage Sale Agreement

The **Fitch portfolio tests** for the purposes of the mortgage sale agreement are:

- original weighted average LTV ratio: [●].
- original weighted average LTV percentages: [●] and [●].
- current weighted average LTV ratio: [●].
- weighted average income multiple: [●].
- interest only outstanding principal balance percentage [●].

The **minimum yield** for the purposes of the mortgage sale agreement is: [●].

The definition of 'Y' within the definition of **stressed excess spread** is: [●].

Funding swaps

Total Interim exchange amounts

The total interim exchange amount payable in respect of (all of) the Funding swap(s) on the closing date is £[●]. Funding shall pay the total interim exchange amount to the Funding swap provider on the closing date (such payment funded via the 20[●]-[●] start-up loan), and the Funding swap provider shall pay an amount equal to such total interim exchange amount back to Funding on the immediately following interest payment date.

[The interim exchange amount applicable to each Funding swap shall be the proportion of the total interim exchange amount applicable to that Funding swap, as calculated in accordance with the Funding swap agreement.]

The purpose of these arrangements is to fund the mismatch in days between the closing date and the first interest payment date on the one hand and the closing date and the first distribution date on the other hand.

Spread (receive-leg) under the Funding swaps

The terms of the tracker rate loans Funding swap(s), the variable rate loans Funding swap(s) and the fixed rate loans Funding swap(s) allow Funding and the Funding swap provider to adjust from time to time the spread which the relevant Funding swap provider pays to Funding in order to reflect movements in market interest rates and interest rates being charged on the loans subject to the relevant Funding swap(s). The relevant spreads under the Funding swap(s) as at the closing date are:

Funding swap (fixed) 1	[●]%
Funding swap (fixed) 2	[●]%
Funding swap (fixed) 3	[●]%
Funding swap (fixed) 4	[●]%
Funding swap (fixed) 5	[●]%
Funding swap (fixed) 6	[●]%
Funding swap (tracker) 1	[●]%
Funding swap (variable) 1	[●]%

[Post-perfection SVR margin

The post-perfection SVR-SONIA margin for the purposes of the servicing agreement is: [●]%

Use of proceeds

The gross proceeds from the issue of the issue [●]-[●] notes will equal approximately £[●] and (after exchanging, where applicable, the proceeds of the issue [●]-[●] notes for sterling, calculated by reference to the applicable specified currency exchange rate) will be used by the Master Issuer to make available term advances to Funding pursuant to the terms of the master intercompany loan agreement. Funding will use the gross proceeds of each term advance to [pay the purchase price to the seller for the sale of the new portfolio to the mortgages trustee on the closing date][pay the purchase price to the seller for the sale of part of its share in the trust property to Funding on the closing date][pay the purchase price with respect to a refinancing contribution on the closing date][fund or replenish the first reserve fund].

Maturity and prepayment considerations

The average lives of any class of the issue [●]-[●] notes cannot be stated, as the actual rate of repayment of the loans and redemption of the mortgages and a number of other relevant factors are unknown. However, calculations of the possible average lives of each class of the issue [●]-[●] notes can be made based on certain assumptions. The assumptions used to calculate the possible average lives of each class of the issue [●]-[●] notes in the following table include the following:

- (a) neither the Master Issuer security nor the Funding security has been enforced;
- (b) each class of issue [●]-[●] notes is repaid in full by its [step-up date/final maturity date];
- (c) the seller is not in breach of the terms of the mortgage sale agreement;
- (d) the seller does not sell any loans to the mortgages trustee after the closing date (except to the extent set out in assumption (e) below) and the loans are assumed to amortise in accordance with the assumed principal prepayment rate as indicated in the table below;

- (e) the seller assigns to the mortgages trustee sufficient new loans and their related security, such that the aggregate principal amount outstanding of loans in the portfolio will not fall below an amount equal to [●] times the Funding share or such higher amount as may be required to be maintained as a result of the Master Issuer advancing term advances to Funding and/or any new issuing entity advancing new term advances to Funding or any further funding entity (as the case may be) which Funding and/or any further funding entity (as the case may be) uses as consideration for an increase in its share of the trust property or for the sale of new loans to the mortgages trustee;
- (f) new loans sold to the mortgages trustee will have the same scheduled principal repayment profile as the portfolio of [●];
- (g) neither an asset trigger event nor a non-asset trigger event occurs;
- (h) no event occurs that would cause payments on any series of notes to be deferred;
- (i) the principal prepayment rate as at the cut-off date for the portfolio is the same as the various assumed rates in the table below;
- (j) the Master Issuer exercises its option to redeem each series of notes on the step-up date, relating to such notes;
- (k) the closing date is [●];
- (l) the mortgage loans are not subject to any defaults or losses and no mortgage loan falls into arrears;
- (m) no interest or fees are paid from principal receipts;
- (n) the long term, unsecured, unsubordinated and unguaranteed debt obligations of the seller continue to be rated at least "[●]" by Moody's and "[●]" by S&P and the long term "issuer default rating" of the seller continues to be at least "[●]" by Fitch; and
- (o) the Funding principal ledger balance (excluding any cash accumulated in the cash accumulation ledger) at the closing date is assumed to be the cash accumulated after the distribution date falling on [●], equal to £[●].

Principal prepayment rate and possible average lives of each series and class (or sub-class) of issue [●]-[●] notes (in years)

Based upon the foregoing assumptions, the approximate average life in years of each series and class (or sub-class) of issue [●]-[●] notes, at various assumed rates of repayment of the loans, would be as follows:

Principal payment rate ⁽¹⁾ (per annum)			series [●] class [●] notes	series [●] class [●] notes	series [●] class [●] notes	series [●] class [●] notes	series [●] class [●] notes	series [●] class [●] notes	series [●] class [●] notes
5	per	cent.	[●]	[●]	[●]	[●]	[●]	[●]	[●]
10	per	cent.	[●]	[●]	[●]	[●]	[●]	[●]	[●]
15	per	cent.	[●]	[●]	[●]	[●]	[●]	[●]	[●]
20	per	cent.	[●]	[●]	[●]	[●]	[●]	[●]	[●]
25	per	cent.	[●]	[●]	[●]	[●]	[●]	[●]	[●]

30	per	cent.	[●]	[●]	[●]	[●]	[●]	[●]	[●]
.....									
35	per	cent.	[●]	[●]	[●]	[●]	[●]	[●]	[●]
.....									

(1) Includes both scheduled and unscheduled payments.

Assumptions (a) to (h) and (j) [and [n]] relate to circumstances which are not predictable. Assumption[s] (i) [and [n]] relate[s] to [an] event[s] under the control of the Master Issuer but no assurance can be given that the Master Issuer will be in a position to redeem the relevant series and class (or sub-class) of issue [●]-[●] notes on the step-up date. If the Master Issuer does not so exercise its option to redeem, then the average lives of the then outstanding issue [●]-[●] notes would be extended.

The average lives of the issue [●]-[●] notes are subject to factors largely outside the control of the Master Issuer and consequently no assurance can be given that these assumptions and estimates will prove in any way to be realistic, and they must therefore be viewed with considerable caution. For more information in relation to the risks involved in the use of these estimated average lives, see "**Risk factors – The yield to maturity of the Master Issuer notes may be adversely affected by prepayments or redemptions on the loans**" in the base prospectus.

Statistical information on the expected portfolio

The statistical and other information contained in these final terms has been compiled by reference to the loans expected to comprise the portfolio (the **expected portfolio**) as at [●] (the **cut-off date**). Columns stating percentage amounts may not add up to 100 per cent. owing to rounding.

[A loan will have been removed from any new portfolio (which comprises a portion of the expected portfolio as at the cut-off date) if, in the period up to (and including) the closing date relating to such new portfolio, the loan is repaid in full or if the loan does not comply with the terms of the mortgage sale agreement on or about the applicable closing date. Once such loans are removed, the seller will then randomly select from the loans remaining in the new portfolio those loans to be sold and assigned on the applicable closing date once the determination has been made as to the anticipated principal balances of the issue [●]-[●] notes to be issued and the corresponding size of the trust property that would be required ultimately to support payments on the Master Issuer notes of the Master Issuer.]

The loans that are selected for inclusion in the mortgages trust will have been originated on the basis of the seller's lending criteria. The material aspects of the seller's lending criteria are described under "**The loans – Underwriting**" and "**The loans – Lending criteria**" in the base prospectus. Standardised credit scoring is not used in the UK mortgage market. For an indication of the credit quality of borrowers in respect of the loans, investors may refer to such lending criteria and to the historical performance of the loans in the mortgages trust as set forth in these final terms. One significant indicator of obligor credit quality is arrears and losses. The information presented under "**The loans – Arrears experience**" in [the base prospectus and] [these final terms] reflects the arrears and repossession experience for loans that were contained in the portfolio since the inception of the mortgages trust and loans transferred to the mortgages trust on the closing date. Santander UK services all of the loans it originates. It is not expected that the characteristics of the portfolio as at the closing date will differ materially from the characteristics of the expected portfolio as at the cut-off date. Except as otherwise indicated, these tables have been prepared using the current balance as at the cut-off date, which includes all principal and accrued interest for the loans in the expected portfolio.

The expected portfolio as at the cut-off date consisted of [●] mortgage loans, comprising loans originated by Santander UK and secured over properties located in England, Wales and Scotland and having an aggregate outstanding principal balance of approximately £[●] as at that date. The loans in the expected portfolio as at the cut-off date were originated by the seller between [August 1995] and [●].

Approximately [●] per cent. of the loans had an original loan-to-value ratio of at least [●] per cent. as at the cut-off date.

As at the closing date:

- the Funding share of the trust property will be approximately £[●], representing approximately [●] per cent. of the trust property; and
- the seller share of the trust property will be approximately £[●], representing approximately [●] per cent. of the trust property.

The actual amounts of the Funding share of the trust property and the seller share of the trust property as at the closing date will not be determined until the day before the closing date which will be after the date of these final terms.

Outstanding principal balances

The following table shows the range of outstanding principal balances (including capitalised high loan-to-value fees and/or booking fees and/or valuation fees).

Outstanding Principal Balance				
Range of outstanding principal balances (including capitalised high loan-to-value fees and/or booking fees and/or valuation fees) (£)	Number of mortgage loans	% of total balance	Current principal balance (£)	% of total mortgage loans
0 to <=50,000	[●]	[●]	[●]	[●]
>50,000 to <=100,000	[●]	[●]	[●]	[●]
>100,000 to <=150,000	[●]	[●]	[●]	[●]
>150,000 to <=200,000	[●]	[●]	[●]	[●]
>200,000 to <=250,000	[●]	[●]	[●]	[●]
>250,000 to <=300,000	[●]	[●]	[●]	[●]
>300,000 to <=350,000	[●]	[●]	[●]	[●]
>350,000 to <=400,000	[●]	[●]	[●]	[●]
>400,000 to <=450,000	[●]	[●]	[●]	[●]
>450,000 to <=500,000	[●]	[●]	[●]	[●]
>500,000 to <=550,000	[●]	[●]	[●]	[●]
>550,000 to <=600,000	[●]	[●]	[●]	[●]
>600,000 to <=650,000	[●]	[●]	[●]	[●]
>650,000 to <=700,000	[●]	[●]	[●]	[●]
>700,000 to <=750,000	[●]	[●]	[●]	[●]
>750,000	[●]	[●]	[●]	[●]
Total	[●]	100.00%	[●]	100.00%

The largest mortgage loans has an outstanding principal balance of £[●]. The average outstanding principal balance is approximately £[●].

The account status is set to "**redeemed**" when the balance is zero and the overpaid amount has been refunded which normally happens within two to three days of that overpayment. [This accounts for a small number of negative balances in the table above.]

[The aggregate outstanding principal balance of all loans to a single borrower does not exceed 2.00% of the aggregate outstanding principal balance of all loans as of the cut-off date.]

Loan-to-value ratios at origination

The following table shows the range of loan-to-value, or LTV, ratios, which express the outstanding balance of a mortgage loan as at the date of the original initial mortgage loan origination divided by the value of the property securing that mortgage loan at the same date.

OLTV				
Original LTV	Number	% of Total Number	Amount (GBP)	% of Total Amount
0% – 25%	[●]	[●]	[●]	[●]
>25% – 50%	[●]	[●]	[●]	[●]
>50% – 75%	[●]	[●]	[●]	[●]
>75% – 80%	[●]	[●]	[●]	[●]
>80% – 85%	[●]	[●]	[●]	[●]

>85% – 90%	[●]	[●]	[●]	[●]
>90% – 95%	[●]	[●]	[●]	[●]
>95%	[●]	[●]	[●]	[●]
Total	[●]	100.00%	[●]	100.00%

[As at the cut-off date, the weighted average LTV of the mortgage loans at origination was [●] per cent.]

Current LTV ratios indexed according to the Reference Index

iLTV				
Indexed LTV	Number	% of Total Number	Amount (GBP)	% of Total Amount
0% – 25%	[●]	[●]	[●]	[●]
>25% – 50%	[●]	[●]	[●]	[●]
>50% – 75%	[●]	[●]	[●]	[●]
>75% – 80%	[●]	[●]	[●]	[●]
>80% – 85%	[●]	[●]	[●]	[●]
>85% – 90%	[●]	[●]	[●]	[●]
>90% – 95%	[●]	[●]	[●]	[●]
>95%	[●]	[●]	[●]	[●]
Total	[●]	100.00%	[●]	100.00%

[As at the cut-off date, the weighted average indexed LTV was [●] per cent.] For the purposes of the above table, Reference Index means [●].

Current LTV [(using valuation at time of latest advance)]

CLTV				
Current LTV	Number	% of Total Number	Amount (GBP)	% of Total Amount
0% – 25%	[●]	[●]	[●]	[●]
>25% – 50%	[●]	[●]	[●]	[●]
>50% – 75%	[●]	[●]	[●]	[●]
>75% – 80%	[●]	[●]	[●]	[●]
>80% – 85%	[●]	[●]	[●]	[●]
>85% – 90%	[●]	[●]	[●]	[●]
>90% – 95%	[●]	[●]	[●]	[●]
>95%	[●]	[●]	[●]	[●]
Total	[●]	100.00%	[●]	100.00%

[As at the cut-off date, the weighted average unindexed LTV was [●] per cent.]

Geographical distribution

The following table shows the distribution of properties throughout England, Wales and Scotland. No properties are situated outside England, Wales and Scotland. The geographical location of a property has no impact upon the seller's lending criteria and credit scoring tests.

Geographic Region				
Geographic Region	Number	% of Total Number	Amount (GBP)	% of Total Amount
North East	[●]	[●]	[●]	[●]
North West	[●]	[●]	[●]	[●]
Yorkshire and Humberside	[●]	[●]	[●]	[●]
East Midlands	[●]	[●]	[●]	[●]
West Midlands	[●]	[●]	[●]	[●]
East	[●]	[●]	[●]	[●]
London	[●]	[●]	[●]	[●]
South East	[●]	[●]	[●]	[●]
South West	[●]	[●]	[●]	[●]
Wales	[●]	[●]	[●]	[●]

Scotland	[●]	[●]	[●]	[●]
Northern Ireland	[●]	[●]	[●]	[●]
Total	[●]	100.00%	[●]	100.00%

For a discussion of geographic concentration risks, see "Risk factors – The timing and amount of payments on the loans could be affected by various factors which may adversely affect payments on the Master Issuer notes" in the base prospectus.

Seasoning of loans

The following table shows the time elapsed since the date of origination of the loans. The ages (but not the balances) of the loans in this table have been forecast forward to the cut-off date for the purpose of calculating the seasoning.

Seasoning				
Seasoning	Number	% of Total Number	Amount (GBP)	% of Total Amount
0-6 months	[●]	[●]	[●]	[●]
6-12 months	[●]	[●]	[●]	[●]
12-18 months	[●]	[●]	[●]	[●]
18-24 months	[●]	[●]	[●]	[●]
24-30 months	[●]	[●]	[●]	[●]
30-36 months	[●]	[●]	[●]	[●]
36-42 months	[●]	[●]	[●]	[●]
42-48 months	[●]	[●]	[●]	[●]
48-54 months	[●]	[●]	[●]	[●]
54-60 months	[●]	[●]	[●]	[●]
60-66 months	[●]	[●]	[●]	[●]
66-72 months	[●]	[●]	[●]	[●]
72-78 months	[●]	[●]	[●]	[●]
78-84 months	[●]	[●]	[●]	[●]
84-90 months	[●]	[●]	[●]	[●]
90-96 months	[●]	[●]	[●]	[●]
96-102 months	[●]	[●]	[●]	[●]
102-108 months	[●]	[●]	[●]	[●]
108-114 months	[●]	[●]	[●]	[●]
114-120 months	[●]	[●]	[●]	[●]
120-126 months	[●]	[●]	[●]	[●]
126-132 months	[●]	[●]	[●]	[●]
132-138 months	[●]	[●]	[●]	[●]
138-144 months	[●]	[●]	[●]	[●]
144-150 months	[●]	[●]	[●]	[●]
150-156 months	[●]	[●]	[●]	[●]
156-162 months	[●]	[●]	[●]	[●]
162-168 months	[●]	[●]	[●]	[●]
168-174 months	[●]	[●]	[●]	[●]
174-180 months	[●]	[●]	[●]	[●]
180+ months	[●]	[●]	[●]	[●]
Total	[●]	100.00%	[●]	100.00%

As at the cut-off date, the weighted average seasoning of loans was approximately [●] months, the maximum seasoning of loans was [●] months and the minimum seasoning of loans was [●] months.

Remaining term

The following table shows the number of years of the mortgage term which remain unexpired:

Remaining Term				
Remaining Term	Number	% of Total Number	Amount (GBP)	% of Total Amount
0 – <=5	[●]	[●]	[●]	[●]
>5 – <=10	[●]	[●]	[●]	[●]
>10 – <=15	[●]	[●]	[●]	[●]
>15 – <=20	[●]	[●]	[●]	[●]
>20 – <=25	[●]	[●]	[●]	[●]
>25 – <=30	[●]	[●]	[●]	[●]
>30 – <=35	[●]	[●]	[●]	[●]
>35 – <=40	[●]	[●]	[●]	[●]
>40 – <=45	[●]	[●]	[●]	[●]
> 45	[●]	[●]	[●]	[●]
Total	[●]	100.00%	[●]	100.00%

As at the cut-off date, the weighted average remaining term of loans was approximately [●] months, and the maximum remaining term was [●] months.

Purpose of loan

The following table shows the purpose of the loans on origination:

Purpose				
Loan Purpose	Number	% of Total Number	Amount (GBP)	% of Total Amount
Purchase	[●]	[●]	[●]	[●]
Re-mortgage	[●]	[●]	[●]	[●]
Renovation	[●]	[●]	[●]	[●]
Equity Release	[●]	[●]	[●]	[●]
Construction	[●]	[●]	[●]	[●]
Debt Consolidation	[●]	[●]	[●]	[●]
Other	[●]	[●]	[●]	[●]
Re-mortgage with Equity Release	[●]	[●]	[●]	[●]
Re-mortgage on different terms	[●]	[●]	[●]	[●]
Combination Mortgage	[●]	[●]	[●]	[●]
Investment Mortgage	[●]	[●]	[●]	[●]
Right to Buy	[●]	[●]	[●]	[●]
Government Sponsored Loan	[●]	[●]	[●]	[●]
ND	[●]	[●]	[●]	[●]
Total	[●]	100.00%	[●]	100.00%

Repayment terms

The following table shows the repayment terms for the loans in the mortgage loans as at the cut-off date. Where any loan in a mortgage loans is interest-only, then that entire mortgage loans is classified as interest-only.

Repayment Method				
Repayment Method	Number	% of Total Number	Amount (GBP)	% of Total Amount
Interest Only	[●]	[●]	[●]	[●]
Repayment	[●]	[●]	[●]	[●]
Endowment	[●]	[●]	[●]	[●]
Pension	[●]	[●]	[●]	[●]
ISA/PEP	[●]	[●]	[●]	[●]
Index-Linked	[●]	[●]	[●]	[●]
Part & Part	[●]	[●]	[●]	[●]

Savings Mortgage	[●]	[●]	[●]	[●]
Other	[●]	[●]	[●]	[●]
No Data	[●]	[●]	[●]	[●]
Total	[●]	100.00%	[●]	100.00%

Product type

The following table shows the distribution of product type as at the cut-off date.

Product				
Product	Number	% of Total Number	Amount (GBP)	% of Total Amount
Discount	[●]	[●]	[●]	[●]
Fixed	[●]	[●]	[●]	[●]
Tracker	[●]	[●]	[●]	[●]
Variable	[●]	[●]	[●]	[●]
Unknown	[●]	[●]	[●]	[●]
Total	[●]	100.00%	[●]	100.00%

On 23 January 2018, Santander UK introduced the follow-on rate, which is the reversionary interest rate that all mortgages taken out by its customers on or after such date will transfer to once their initial product interest rate ends. Customers with mortgages entered into before 23 January 2018 will pay interest at the SVR once their initial product rate ends. The follow-on rate is a variable rate that tracks the Bank of England base rate and will move in line with Bank of England base rate changes. Its difference from the SVR is that the SVR is a rate managed by Santander UK and does not directly reflect movements in the Bank of England base rate unlike the follow-on rate.

Payment Rate Analysis

The following table shows the annualised payment rate for the most recent 1-, 3- and 12-month period for the loans in the expected portfolio.

As of month-end	1-month annualised	3-month annualised	12-month annualised
[●]	[●]%	[●]%	[●]%
.....			

[Source: Holmes investor report dated [●].]

In the table above, 12-month annualised CPR is calculated as the average of the 1-month annualised CPR for the most recent 12 months (calculated as $1 - ((1 - R) \wedge 12)$ where R is (i) total principal receipts received plus the principal balance of loans repurchased by the seller (primarily due to further advances) during the relevant period, divided by (ii) the aggregate outstanding principal balance of the loans in the expected portfolio as at the start of that period.

Arrears

Arrears				
Arrears	Number	% of Total Number	Amount (GBP)	% of Total Amount
Current	[●]	[●]	[●]	[●]
1 Month in Arrears	[●]	[●]	[●]	[●]
2 Months in Arrears	[●]	[●]	[●]	[●]
3 Months in Arrears	[●]	[●]	[●]	[●]
4 Months in Arrears	[●]	[●]	[●]	[●]
5 Months in Arrears	[●]	[●]	[●]	[●]
6 Months in Arrears	[●]	[●]	[●]	[●]
7 Months in Arrears	[●]	[●]	[●]	[●]
8 Months in Arrears	[●]	[●]	[●]	[●]
9 Months in Arrears	[●]	[●]	[●]	[●]
10 Months in Arrears	[●]	[●]	[●]	[●]

11 Months in Arrears	[●]	[●]	[●]	[●]
12 Months in Arrears	[●]	[●]	[●]	[●]
12+ Months in Arrears	[●]	[●]	[●]	[●]
Total	[●]	100.00%	[●]	100.00%

As at the cut-off date, the total outstanding balance of loans in the expected portfolio that were greater than [or equal to] 30 days in arrears was £[●], representing [●]% of the outstanding balance of loans in the expected portfolio as at such date.

[The aggregate outstanding principal balance of all loans to a single borrower does not exceed 2.00% of the aggregate outstanding principal balance of all loans as of the cut-off date.]

MASTER ISSUER NOTES

Notes issued by the Master Issuer and term advances advanced by the Master Issuer to Funding in connection therewith

As at the closing date, the aggregate principal amount outstanding of Master Issuer notes (converted, where applicable, into sterling at the applicable specified currency exchange rate), including the issue [●]-[●] notes described herein, will be:

class	[A]	notes	£[●]
.....			
class	[B]	notes	£[●]
.....			
class	[C]	notes	£[●]
.....			
class	[M]	notes	£[●]
.....			
class [Z] notes (other than class Z variable funding)		notes	£[●]
.....			
class [Z variable funding]		notes	£[●]
.....			

As at the closing date, the aggregate outstanding principal balance of term advances advanced by the Master Issuer to Funding under the master intercompany loan agreement, including the term advances described herein, will be:

[AAA]	Term	Advances	£[●]
.....			
[AA]	Term	Advances	£[●]
.....			
[A]	Term	Advances	£[●]
.....			
[BBB]	Term	Advances	£[●]
.....			
[NR] Term Advances (other than NR VFN Term Advances)			£[●]
.....			

[NR VFN] Term Advances £[●]

SERIES START-UP LOAN AND PREVIOUS START-UP LOANS TO FUNDING

[Pursuant to the new start-up loan agreement, Santander UK (in its capacity as the start-up loan provider) has agreed to make available to Funding a start-up loan on the closing date with the following terms: [Describe terms of new start-up loan.]]

[There will not be a start-up loan in connection with the issue of the issue [●]-[●] notes.]

Start-up loans to Funding

The following start-up loans have been made available to Funding by Santander UK (in its capacity as the start-up loan provider) in connection with the issues of previous notes by the Master Issuer set out below, for the stated current outstanding principal balance and interest rate.

Master Issuer	Current outstanding principal balance	Interest Rate
Holmes Master Issuer PLC (in respect of the issuer 2017-1 notes)	£0	N/A
Holmes Master Issuer PLC (in respect of the issuer 2018-1 notes)	£0	N/A
[Holmes Master Issuer PLC (in respect of the issuer 20[●]-[●] notes)	£[●]	[●]%]

THE LOANS

Interest payments and interest rate setting

Interest on each loan is payable monthly in arrear. Interest on loans is computed daily on balances which are recalculated on a daily, monthly or annual basis.

The basic rate of interest set by the seller for loans beneficially owned by the seller outside the mortgages trust is either a variable rate, the Santander UK SVR or a tracking rate or a rate directly linked to a rate set from time to time by the Bank of England. The 2002 mortgage conditions, the 2004 mortgage conditions and the 2006 mortgage conditions provided for a cap on the variable rate which was initially set at 2.5 per cent. above the Bank of England's base rate. The cap was then increased in 2008 (for loans originated under those editions of the mortgage conditions) to a margin of 3.75 per cent. above the Bank of England's base rate. This cap was removed from editions of the mortgage conditions from the 2007 edition onwards. As at the cut-off date, the Santander UK SVR was [●] per cent. per annum.

UK SECURITISATION REGULATION AND EU SECURITISATION REGULATION

[EU Securitisation Regulation Undertaking

[Reporting

The Seller (as **originator**) will undertake that (i) for so long as the issue [●]-[●] notes remain outstanding or (ii) until such time a competent EU authority has confirmed (in the form of enacted (or otherwise binding) legislation, regulation or policy statement) that the satisfaction of the UK Transparency Requirements will also satisfy the EU Transparency Requirements due to the application of an equivalency regime or similar analogous concept, to procure the publication of:

- (a) a quarterly investor report (in the form prescribed as at the Issue Date under the EU Securitisation Regulation or, to the extent the form prescribed pursuant to the EU Securitisation Regulation is amended after the Issue Date, as otherwise adopted by the seller from time to time) on each interest payment date or shortly thereafter (and at the latest one month after the relevant interest payment date) in accordance with Article 7(1)(e) of the EU Securitisation Regulation as such regulation is in force at the Issue Date;
- (b) certain loan-level information in relation to the portfolio as required by and in accordance with Article 7(1)(a) of the EU Securitisation Regulation as such regulation is in force as at the Issue Date (in the form prescribed as at the Issue Date under the EU Securitisation Regulation or, to the extent the form prescribed pursuant to the EU Securitisation Regulation is amended after the Issue Date, as otherwise adopted by the seller from time to time) on a quarterly basis (at the latest one month after the relevant interest payment date and simultaneously with the investor report provided pursuant to paragraph (a) above); and
- (c) any information required to be reported pursuant to Articles 7(1)(f) or 7(1)(g) (as applicable) of the EU Securitisation Regulation (as such regulation is in force as at the Issue Date) without delay.]

[The information set out above shall be published on the website of [●], at [●].]

[UK STS requirements

The seller, as originator, [has]/[has not] procured an STS notification to be submitted to the Financial Conduct Authority (**FCA**), in accordance with Article 27 of the UK Securitisation Regulation that the requirements of Articles 19 to 22 of the UK Securitisation Regulation (the **UK STS requirements**) have been satisfied with respect to the issue 20[●]-[●] notes. [It is expected that the UK STS notification will be available on the website of the FCA at [●]. For the avoidance of doubt, this website and the contents thereof do not form part of this final terms.]]

[The seller [has not used the services of]/[has used the services of [●] as] an authorised verification agent authorised under Article 28 of the UK Securitisation Regulation in connection with the verification of the compliance of the issue 20[●]-[●] notes with the UK STS requirements.]

[The seller has obtained a legal opinion provided by qualified external legal counsel providing, among other things: (i) confirmation that the true sale, assignment or transfer segregate the loans and their related security from the seller, its creditors and its liquidators, including in the event of the seller's insolvency, with the same legal effect as that achieved by means of true sale; (ii) confirmation of the enforceability of the true sale, assignment or transfer with the same legal effect referred to in (i) against the seller or any other third party; and (iii) an assessment of clawback risks and re-characterisation risks, which legal opinion is accessible and made available to any relevant third party verifying UK STS compliance in accordance with Article 28 of the UK Securitisation Regulation and any relevant competent authority from among those referred to in Article 29 of the UK Securitisation Regulation.]

[Mitigation of interest rate and currency risks

The loans and the notes are affected by interest rate and currency risks (see "*The timing and amount of payments on the loans could be affected by various factors which may adversely affect payments on the Master Issuer notes*" and "*Changes or uncertainty in respect of interest rate benchmarks may affect the value,*

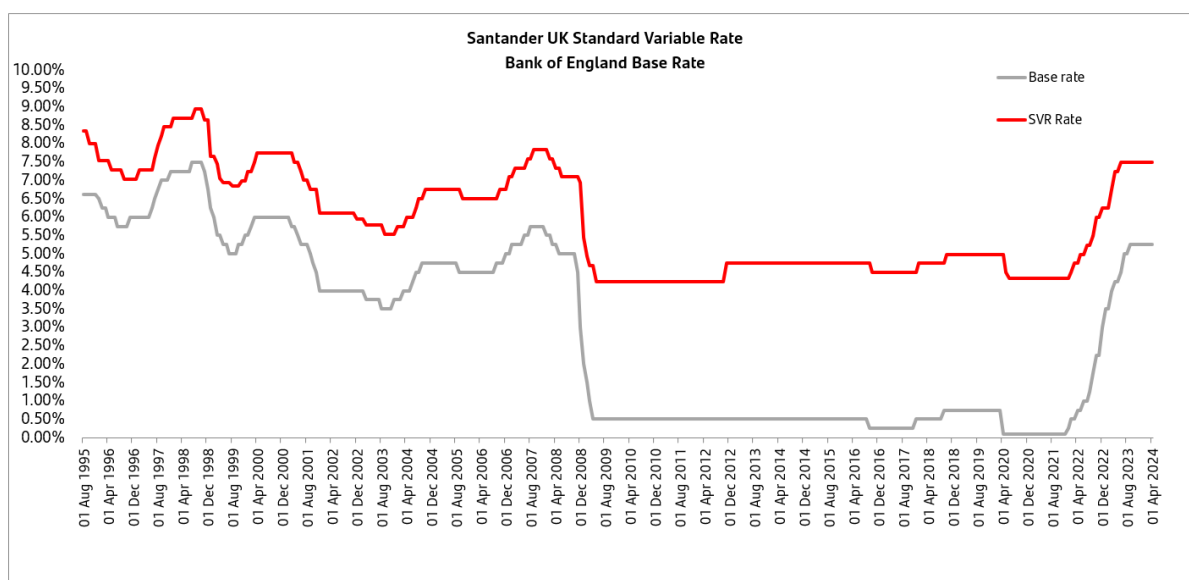
liquidity or payment of interest under the Master Issuer notes” in the Risk Factors section of the prospectus). Each of Funding and the Master Issuer aim to hedge the relevant interest rate and currency rate exposures in respect of the loans and the notes, as applicable, by entering into certain swap agreements (see “The swap agreements” in the prospectus).

Interest rate risks are also managed through:

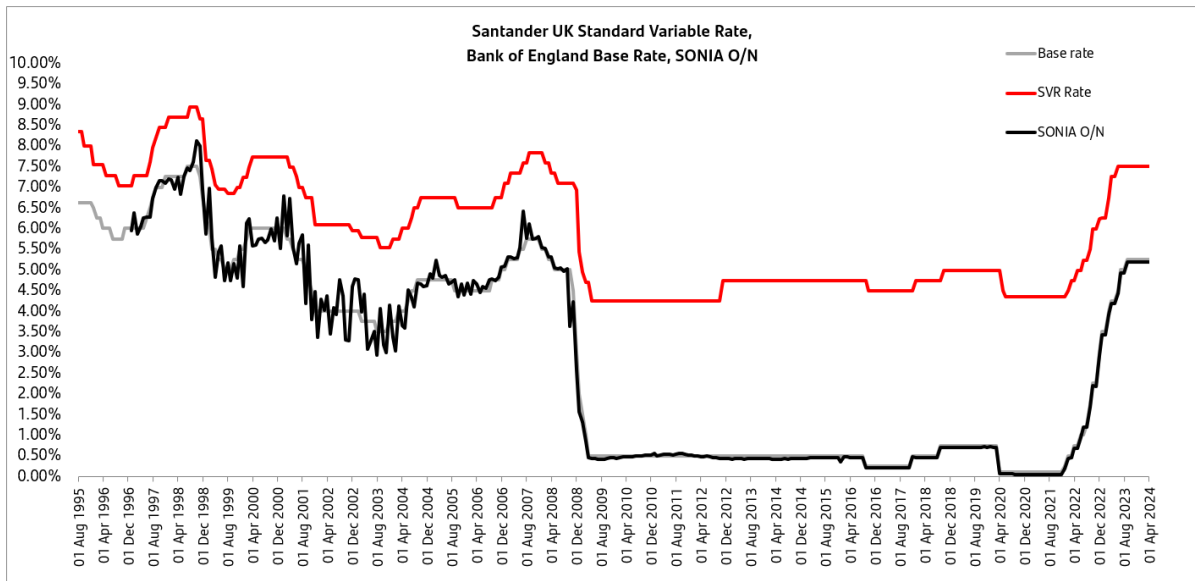
- [a requirement in the servicing agreement that any discretionary rates set by the servicer in respect of the loans are set at a minimum rate (subject to the terms of the mortgage loans and applicable law) (see “The servicing agreement—Undertakings by the servicer” in the prospectus), noting that such requirement is contingent upon the swap provider failing to perform under the relevant swap agreements, being in default or becoming insolvent;
- with respect to the Master Issuer, it fully hedges its obligations as the Master Issuer lends the proceeds of any offering of notes to Funding pursuant to the intercompany loan agreement, where the proceeds of sterling denominated floating rate notes are lent on the same terms as the notes with respect to currency and interest rate; and after giving effect to the relevant swap agreements, the proceeds of sterling denominated fixed rate notes and/or non-sterling denominated notes are lent to Funding pursuant to the intercompany loan agreement on the same terms as the notes with respect to currency and interest rate;
- with respect to Funding, Funding obtains its share of revenue generated on a monthly basis from the [fixed rate, discounted variable rate, capped rate, tracker, minimum rate and higher variable rate loans], Funding has entered into swap agreements; and
- with respect to the Trust, it does not require any hedging as it distributes the revenue and principal that it receives from the trust property to Funding and the seller.]

Except for the purpose of hedging interest-rate or currency risk, none of the Master Issuer, Funding or the mortgages trustee enter into derivative contracts, for purposes of Article 21(2) of the UK Securitisation Regulation.

The table below shows the Santander UK SVR and the Bank of England base rate from August 1995 to 1 April 2024.



The table below shows the Santander UK SVR, the Bank of England base rate and SONIA from August 1995 to 1 April 2024.



[Verification of data

The seller has caused a sample of the loans (including the data disclosed in respect of those loans) to be externally verified by an appropriate and independent third party. The portfolio as at the cut-off date has been subject to an agreed upon procedures review on a representative sample of loans selected from the portfolio as at the cut-off date conducted by a third-party and completed on or about [●] with respect to the portfolio as at the cut-off date in existence as of [●] (the **AUP report**). Another independent third party has verified that the stratification tables disclosed under the sections [“Statistical information on the expected portfolio”, “Static pool data and dynamic data in respect of whole residential mortgage book” of this final terms and “Static pool data and dynamic data in respect of whole residential mortgage book” in the base prospectus] in respect of the loans are accurate. The AUP report has been filed with the U.S. Securities and Exchange Commission on [●] and is publicly available. The originator has reviewed the reports of such independent third parties and is of the opinion that there were no significant adverse findings in such reports. The third parties undertaking such reviews only have obligations to the parties to the engagement letters governing the performance of the agreed upon procedures subject to the limitations and exclusions contained therein.]

STATIC POOL DATA AND DYNAMIC DATA IN RESPECT OF WHOLE RESIDENTIAL MORTGAGE BOOK

The tables below set out, to the extent material, certain static pool information with respect to the loans in the mortgages trust. The table should be read together with the tables set forth under "**Static Pool Data and Dynamic Data in respect of Whole Residential Mortgage Book**" in the base prospectus.

Static pool information on prepayments has not been included because changes in prepayment and payment rates historically have not affected repayment of the Master Issuer notes, and are not anticipated to have a significant effect on future payments on the Master Issuer notes for a number of reasons. The mechanics of the mortgages trust require an extended cash accumulation period (for bullet term advances) when prepayment rates fall below certain minima required by the rating agencies, serving to limit the extent to which slow prepayments would cause the average lives of the Master Issuer notes to extend. Furthermore, only a limited amount of note principal in relation to the very large mortgages trust size is actually due to be repaid on any particular interest payment date.

[One of the characteristics of the mortgages trust is that the seller is able to sell more loans to the mortgages trustee over time, whether in connection with an issuance of Master Issuer notes or in order to maintain the minimum seller share. The sale of new loans by the seller to the mortgages trustee is subject to conditions, including ones required by the rating agencies, designed to maintain certain credit-related and other characteristics of the mortgages trust. These include limits on loans in arrears in the mortgages trust at the time of sale, limits on the aggregate balance of loans sold, limits on changes in the weighted average repossession frequency and the weighted average loss severity, minimum yield for the loans in the mortgages trust after the sale and maximum loan-to-value ratio for the loans in the mortgages trust after the sale. See a description of these conditions in "**Assignment of the loans and their related security**" in the base prospectus.]

[Please refer to the tables set forth under "**Static Pool Data and Dynamic Data in respect of Whole Residential Mortgage Book**" in the base prospectus for (a) the distribution of loans originated by Santander UK (including but not limited to loans in the portfolio) in or after 2003 that have been delinquent for more than three months as at each year-end starting in 2003 (b) the distribution of loans originated by Santander UK (including but not limited to loans in the portfolio) in or after 2003 secured by mortgaged properties which have been repossessed and (c) the credit performance in respect of loans originated by Santander UK (including but not limited to loans in the portfolio).]

[The following tables summarise loans in arrears and repossession experience for loans originated by Santander UK (including but not limited to loans in the portfolio) as at the dates indicated below. The tables should be read together with the tables set forth under "**Static Pool Data and Dynamic Data in respect of Whole Residential Mortgage Book**" in the base prospectus.

The following table summarises the credit performance in respect of loans originated by Santander UK (including but not limited to loans in the portfolio) since [●] (source: [●] *Santander UK Annual Reports*). The table should be read together with the tables set forth under “**Static Pool Data and Dynamic Data in respect of the Whole Residential Mortgage Book**” in the base prospectus.

	[●] £m	[●] £m	[●] £m	[●] £m	[●] £m	[●] £m
Mortgage loans and advances to customers of which:	[●]	[●]	[●]	[●]	[●]	[●]
– Stage 1 ⁽¹⁾	[●]	[●]	[●]	[●]	[●]	[●]
– Stage 2 ⁽¹⁾	[●]	[●]	[●]	[●]	[●]	[●]
– Stage 3 ⁽¹⁾	[●]	[●]	[●]	[●]	[●]	[●]
Performing ⁽²⁾	[●]	[●]	[●]	[●]	[●]	[●]
Early arrears:	[●]	[●]	[●]	[●]	[●]	[●]
– 31 to 60 days	[●]	[●]	[●]	[●]	[●]	[●]
– 61 to 90 days	[●]	[●]	[●]	[●]	[●]	[●]
NPLs: ⁽³⁾	[●]	[●]	[●]	[●]	[●]	[●]
– By arrears	[●]	[●]	[●]	[●]	[●]	[●]
– By bankruptcy	[●]	[●]	[●]	[●]	[●]	[●]
– By maturity default	[●]	[●]	[●]	[●]	[●]	[●]
– By forbearance	[●]	[●]	[●]	[●]	[●]	[●]
– By properties in possession (PIPs)	[●]	[●]	[●]	[●]	[●]	[●]
Forbearance	[●]	[●]	[●]	[●]	[●]	[●]
-By Capitalisation	[●]	[●]	[●]	[●]	[●]	[●]
-By Term extension	[●]	[●]	[●]	[●]	[●]	[●]
-By Interest Only	[●]	[●]	[●]	[●]	[●]	[●]
-By Concessionary Interest-Rate	[●]	[●]	[●]	[●]	[●]	[●]
- Forbearance – Weighted Average LTV	[●]	[●]	[●]	[●]	[●]	[●]
PIPs not classified as NPL	[●]	[●]	[●]	[●]	[●]	[●]
Loss allowances ⁽⁴⁾	[●]	[●]	[●]	[●]	[●]	[●]
Stage 2 ratio ⁽⁵⁾	[●]	[●]	[●]	[●]	[●]	[●]
Stage 3 ratio ⁽⁵⁾	[●]	[●]	[●]	[●]	[●]	[●]
Early arrears ratio ⁽⁶⁾	[●]	[●]	[●]	[●]	[●]	[●]
NPL ratio ⁽⁷⁾	[●]	[●]	[●]	[●]	[●]	[●]
Coverage ratio ⁽⁸⁾	[●]	[●]	[●]	[●]	[●]	[●]

[(1) Stage 1: when there has been no significant increase in credit risk (SICR) since initial recognition, Stage 2: when there has been a SICR since initial recognition, but no credit impairment has materialised, Stage 3: when the exposure is considered credit impaired.

(2) Excludes mortgages where the customer did not pay for between 31 and 90 days, arrears, bankruptcy, maturity default, forbearance and PIPs NPLs.

(3) Mortgage loans and advances are classified as non-performance loans when customers do not make a payment for three months or more, or if Santander UK has data that raises doubts on the ability of customers to keep up with payments. From 2019, NPLs are no longer reported due to changes in accounting standards in IFRS9.

(4) Prior to 2018, loss allowances were on an incurred loss basis per IAS 39, whilst for 2018 they are on an ECL basis per IFRS 9. The loss allowance is for both on and off-balance sheet exposures.

(5) Stage 1/Stage 2 exposures as a percentage of customer loans. Total Stage 3 exposure as a percentage of customer loans plus undrawn Stage 3 exposures. The way we calculate the Stage 3 ratio was changed from 1 January 2019, and 2018 restated for consistency. See 'Key metrics' in the 'Credit risk – Santander UK group level' section. Total Stage 3 exposure as a percentage of customer loans plus undrawn Stage 3 exposures. The way we calculate the Stage 3 ratio was changed from 1 January 2019, and 2018 restated for consistency. See 'Key metrics' in the 'Credit risk – Santander UK group level' section

(6) Mortgages in early arrears as a percentage of mortgages.

(7) Mortgage NPLs as a percentage of mortgages.

(8) Loss allowances as a percentage of NPLs.]

[ARREARS EXPERIENCE IN RESPECT OF THE HOLMES PORTFOLIO]

The following table summarises loans in arrears and repossession experience for loans in the portfolio (including loans that previously formed part of the portfolio) as at the dates indicated below. This table should be read together with the tables set forth under “**Arrears experience**” in the prospectus.

Outstanding balance (£millions)	[●]
Number of loans outstanding (thousands)	[●]
Outstanding balance of loans in arrears (£millions)	
30-59 days in arrears	[●]
60-89 days in arrears	[●]
90-179 days in arrears	[●]
180-365 days in arrears	[●]
366 or more days in arrears	[●]
Total outstanding balance of loans in arrears	[●]
Total outstanding balance of loans in arrears as % of the outstanding balance	[●]%
Outstanding balance of loans relating to properties in possession	[●]
Net loss on sales of all repossessed properties ⁽¹⁾	[●]
Ratio of aggregate net losses to average aggregate outstanding balance of loans ⁽²⁾	[●]%
Average net loss on all properties sold	[●]
Number of loans outstanding in arrears (thousands)	
30-59 days in arrears	[●]
60-89 days in arrears	[●]
90-179 days in arrears	[●]
180-365 days in arrears	[●]
366 or more days in arrears	[●]
Total number of loans outstanding in arrears	[●]
Total number of loans outstanding in arrears as % of the number of loans outstanding	[●]%
Number of properties in possession	[●]
Number of properties sold during the year	[●]

(1) Net loss is net of recoveries in the current period on properties sold in prior periods.

(2) Average of opening and closing balances for the period.]

Listing and admission to trading application

These final terms comprise the final terms required for the Master Issuer notes described herein to be admitted to the Official List of the Financial Conduct Authority and admitted to trading on the main market of the London Stock Exchange pursuant to the Residential Mortgage-Backed Note Issuance Programme of Holmes Master Issuer PLC.

Signed on behalf of the Master Issuer:

By:

Director

[END OF FORM OF FINAL TERMS]

TERMS AND CONDITIONS OF THE NOTES

The following are the terms and conditions (the **Conditions**, and any reference to a **Condition** shall be construed accordingly) of the Master Issuer notes in the form (subject to amendment) which will be incorporated by reference into each Global Note and each Definitive Note, in the latter case only if permitted by the relevant stock exchange or other relevant authority (if any) and agreed by the Master Issuer and the relevant Dealer(s) at the time of issue but, if not so permitted and agreed, such Definitive Note will have endorsed thereon or attached thereto such Conditions. The applicable Final Terms (or the relevant provisions thereof) will be endorsed upon, or attached to, each Global Note and each Definitive Note.

The Master Issuer may issue Unlisted Notes and/or Non-LSE Listed Notes, the Issue Terms in relation to which may specify other terms and conditions which shall, to the extent so specified or to the extent inconsistent with these Conditions, replace or modify these Conditions for the purpose of such Notes. Unlisted Notes and Non-LSE Listed Notes will not be issued pursuant to (and do not form part of) the base prospectus, and will not be issued pursuant to any Final Terms under the base prospectus.

The Master Issuer notes are constituted by the Trust Deed. The security for the Master Issuer notes is created pursuant to, and on the terms set out in, the Master Issuer Deed of Charge. By the Paying Agent and Agent Bank Agreement, provision is made for, *inter alia*, the payment of principal and interest in respect of the Master Issuer notes.

References hereinafter to the **Master Issuer notes** shall, unless the context otherwise requires, be references to all the notes issued by the Master Issuer and constituted by the Trust Deed and shall mean:

- (a) in relation to any Master Issuer notes of a Series and Class (or Sub-Class) represented by a Global Note, units of the lowest Specified Denomination in the Specified Currency in each case of such Series and Class (or Sub-Class);
- (b) any Global Note; and
- (c) any Definitive Note issued.

References hereinafter to the Noteholders shall, unless the context otherwise requires, be references to all the Noteholders.

Master Issuer notes constituted by the Trust Deed are issued in series (each a **Series**) and each Series comprises one or more Classes (or Sub-Classes) of Master Issuer notes. Each Series of Master Issuer notes is subject to Final Terms. The Final Terms in relation to each Series and Class (or Sub-Class) of Master Issuer notes (or the relevant provisions thereof) will be endorsed upon, or attached to, such Master Issuer notes and will complete these Conditions in respect of such Master Issuer notes. References to the **relevant Final Terms** are, in relation to a Series and Class (or Sub-Class) of Master Issuer notes, to the Final Terms (or the relevant provisions thereof) attached to or endorsed on such Master Issuer notes.

The statements in these Conditions include summaries of, and are subject to, the detailed provisions of the Trust Deed, the Master Issuer Deed of Charge and the Paying Agent and Agent Bank Agreement.

Copies of the Trust Deed, the Master Issuer Deed of Charge, the Master Issuer Paying Agent and Agent Bank Agreement and each of the other Master Issuer Transaction Documents (a) may be provided by email to a noteholder following prior written request to the Principal Paying Agent and provision of proof of holding and identity (in form satisfactory to the note trustee) and (b) the U.S. Paying Agent, being at the date hereof 101 Barclay Street, New York, NY 10286. Copies of the Final Terms of each Series of Master Issuer notes (a) may be provided by email to a noteholder following prior written request to the Principal Paying Agent and (b) are obtainable on the website of the Master Issuer at <https://www.santander.co.uk/about-santander/investor-relations/holmes-master-trust>.

The Holders of any Series and Class (or Sub-Class) of Master Issuer notes are entitled to the benefit of, are bound by, and are deemed to have notice of all the provisions of, and definitions contained or incorporated in, the Trust Deed, the Master Issuer Deed of Charge, the Master Issuer Paying Agent and Agent Bank Agreement, each of the other Master Issuer Transaction Documents and the applicable Final Terms and to have notice of each other Final Terms relating to each other Series and Class (or Sub-Class) of Master Issuer notes.

A glossary of definitions appears in **Condition 13.5**.

References herein to the Class A Noteholders, the Class B Noteholders, the Class M Noteholders, the Class C Noteholders and the Class Z Noteholders shall, in each case and unless specified otherwise, be references to the Holders of the Master Issuer notes of all Series of the applicable Class and shall include the holders of any Further Master Issuer notes issued pursuant to Condition 13.1 (*Issuance of Further Master Issuer notes*) and the Class A Noteholders, the Class B Noteholders, the Class M Noteholders, the Class C Noteholders and the Class Z Noteholders shall be construed accordingly.

References herein to the Class A Notes, the Class B Notes, the Class M Notes, the Class C Notes and the Class Z Notes shall, in each case and unless specified otherwise, be references to the Master Issuer notes of all Series of the applicable Class and shall include any Further Master Issuer notes issued pursuant to Condition 13.1 (*Issuance of Further Master Issuer notes*) forming a single series with the Class A Notes, the Class B Notes, the Class M Notes, the Class C Notes or the Class Z Notes, as the case may be.

1. Form, Denomination and Title

1.1 Form and Denomination

The U.S. Notes are being offered and sold to qualified institutional buyers in the United States pursuant to Rule 144A. The Reg S Notes are being offered and sold outside the United States to non-U.S. persons pursuant to Regulation S.

Each Series and Class (or Sub-Class) of Master Issuer notes will be issued in the Specified Currency and in the Specified Denomination. Each Series and Class (or Sub-Class) of Master Issuer notes will be initially represented either (i) by one or more Global Notes, which, in the aggregate, will represent the Principal Amount Outstanding from time to time of such Series and Class (or Sub-Class) of notes, or (ii) by one or more registered Definitive Notes, which, in aggregate, will represent the Principal Amount Outstanding from time to time of such Series and Class (or Sub-Class) of notes.

Each Reg S Global Note will be deposited with, and registered in the name of a nominee of, a common depository (or, with respect to notes in NSS form, a common safekeeper) for Euroclear and Clearstream, Luxembourg. Each U.S. Global Note will be either (i) deposited with a custodian for, and registered in the name of Cede & Co., as nominee of DTC (or such other name as may be requested by an authorised representative of DTC) or (ii) deposited with, and registered in the name of a nominee of, a common depository (or, with respect to notes in NSS form, a common safekeeper) for Euroclear and Clearstream, Luxembourg. Each Global Note will be numbered serially with an identifying number which will be recorded on the relevant Global Note and in the Register.

Each Series and Class (or Sub-Class) of Master Issuer notes may be Fixed Rate Master Issuer notes, Floating Rate Master Issuer notes, Money Market Notes or a combination of any of the foregoing, depending upon the Interest Basis shown in the applicable Final Terms.

Each Series and Class (or Sub-Class) of Master Issuer notes may be Bullet Redemption Notes, Scheduled Redemption Notes, Pass-Through Notes or a combination of any of the foregoing, depending upon the Redemption/Payment Basis shown in the applicable Final Terms.

Global Notes will be exchanged for Master Issuer notes in definitive registered form (**Definitive Notes**) only under certain limited circumstances (as described in the relevant Global Note). If Definitive Notes are issued, they will be serially numbered and issued in an aggregate principal amount equal to the Principal Amount Outstanding of the relevant Global Note and in registered form only.

The Master Issuer notes (in either global or definitive form) will be issued in such denominations as are specified in the relevant Final Terms, save that the minimum denomination of each Master Issuer note will be such as may be allowed or required from time to time by the relevant central bank or regulatory authority (or equivalent body) or any laws or regulations applicable to the relevant currency and save that the minimum denomination of each U.S. dollar denominated Master Issuer note will be issued in minimum denominations of \$200,000 or such other amount specified in the applicable Final Terms and in integral multiples of \$1,000 in excess thereof (or its equivalent in any other currency as at the date of issue of such Master Issuer notes), each euro denominated Master Issuer note will be issued in minimum denominations of €100,000 or such other amount specified in the applicable Final Terms and in integral multiples of €1,000 in excess thereof (or its equivalent in any other currency as at the date of issue of such Master Issuer notes) and each sterling denominated Master Issuer note will be issued in minimum denominations of £100,000 or such other amount specified in the applicable Final Terms and in integral multiples of £1,000 in excess thereof (or its equivalent in any other currency as at the date of issue of such notes).

In the case of a Series and Class (or Sub-Class) of Master Issuer notes with more than one Specified Denomination, Master Issuer notes of one Specified Denomination may not be exchanged for Master Issuer notes of such Series and Class (or Sub-Class) of another Specified Denomination.

Each Class Z Variable Funding Note shall be issued with a minimum denomination of at least £10,000,000.

1.2 Register

The Registrar will maintain the Register in respect of the Master Issuer notes in accordance with the provisions of the Paying Agent and Agent Bank Agreement. In these Conditions, the **Holder** of a Master Issuer note means the person in whose name such Master Issuer note is for the time being registered in the Register (or, in the case of a joint holding, the first named thereof). A Master Issuer note will be issued to each Noteholder in respect of its registered holding. Each Master Issuer note will be numbered serially with an identifying number which will be recorded in the Register.

1.3 Title

The Holder of each Master Issuer note shall (to the fullest extent permitted by applicable law) be treated by the Master Issuer, the Note Trustee, the Master Issuer Security Trustee, the Agent Bank and any Agent as the absolute owner of such note for all purposes (including the making of any payments) 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).

1.4 Transfers

- (a) Title to the Master Issuer notes shall pass by and upon registration in the Register. Subject as provided otherwise in this **Condition 1.4**, a Master Issuer note may be transferred upon surrender of the relevant note certificate, with the endorsed form of transfer duly completed, at the Specified Office of the Registrar or the Transfer Agent, together with such evidence as the Registrar or (as the case may be) such Transfer Agent may reasonably require to prove the title of the transferor and the authority of the individuals who have executed the form of transfer; provided, however, that a Master Issuer note may only be transferred in the minimum denominations specified in the relevant Final Terms. Where not all the Master Issuer notes represented by the surrendered note certificate are the subject of the transfer, a new note certificate in respect of the balance of the Master Issuer notes will be issued to the transferor.

Within five Business Days of such surrender of a note certificate, the Registrar will register the transfer in question and deliver a new note certificate of a like principal amount to the Master Issuer notes transferred to each relevant Holder at its Specified Office or (as the case may be) the Specified Office of the Transfer Agent or (at the request and risk of any such relevant Holder) by uninsured first class mail (and by airmail if the Holder is overseas) to the address specified for such purpose by such relevant Holder.

The transfer of a Master Issuer note will be effected without charge by or on behalf of the Master Issuer, the Registrar or any Transfer Agent, but against such indemnity as the Registrar or (as the case may be) any Transfer Agent may require in respect of any tax or other duty of whatsoever nature which may be levied or imposed in connection with such transfer.

Noteholders may not require transfers of Master Issuer notes to be registered during the period of 15 days ending on the due date for any payment of principal or interest in respect of the Master Issuer notes.

All transfers of Master Issuer notes and entries on the Register are subject to the detailed regulations concerning the transfer of Master Issuer notes scheduled to the Master Issuer Paying Agent and Agent Bank Agreement. The regulations may be changed by the Master Issuer with the prior written approval of the Note Trustee and the Registrar. A copy of the current regulations will be mailed (free of charge) by the Registrar to any Noteholder who requests in writing a copy of such regulations.

- (b) Title to a Class Z Variable Funding Note shall only pass by and upon registration of the transfer in the Class Z Variable Funding Note register provided that no transferee shall be registered as a new holder of the Class Z Variable Funding Note unless (i) the prior written consent of the Master Issuer and (for so long as any Rated Notes are outstanding) the Note Trustee has been obtained (and the Note Trustee shall give its consent to such a transfer if the same has been sanctioned by an Extraordinary Resolution of the holders of the Rated Notes) and (ii) such transferee has certified to, *inter alios*, the Registrar and the Master Issuer that it is (A) a person falling within paragraph 3(1) of Schedule 2A to the Insolvency Act 1986, (B) an independent person in relation to the Master Issuer within the meaning of regulation 2(1) of the Taxation of Securitisation Companies Regulations 2006 and (C) a Qualifying Noteholder. The Master Issuer notes are not issuable in bearer form. Prior to the expiry of the applicable Distribution Compliance Period, transfers by the holder of, or of a beneficial interest in, a Reg S Note to a transferee in the United States or who is a U.S. person will only be made to certain persons in offshore transactions outside the U.S. in reliance on Regulation S, or otherwise pursuant to an effective registration statement in accordance with the Securities Act or an exemption from the registration requirements thereunder and in accordance with any applicable securities laws of any state or any other jurisdiction of the United States.

2. Status, Priority and Security

2.1 Status

The Master Issuer notes of each Series and Class (or Sub-Class) are direct, secured and unconditional obligations of the Master Issuer and are all secured by the same Master Issuer Security (created by the Master Issuer Deed of Charge).

Subject to the provisions of **Conditions 5** and **6** and subject to the other payment conditions set out in the applicable Final Terms and the other Master Issuer Transaction Documents:

- (a) the Class A Notes of each Series will rank *pari passu* without any preference or priority among themselves and with the Class A Notes of each other Series but in priority to the Class B Notes, the Class M Notes, the Class C Notes and the Class Z Notes of any Series;
- (b) the Class B Notes of each Series will rank *pari passu* without any preference or priority among themselves and with the Class B Notes of each other Series but in priority to the Class M Notes, the Class C Notes and the Class Z Notes of any Series;
- (c) the Class M Notes of each Series will rank *pari passu* without any preference or priority among themselves and with the Class M Notes of each other Series but in priority to the Class C Notes and the Class Z Notes of any Series;
- (d) the Class C Notes of each Series will rank *pari passu* without any preference or priority among themselves and with the Class C Notes of each other Series but in priority to the Class Z Notes of any Series; and

- (e) the Class Z Notes of each Series will rank *pari passu* without any preference or priority among themselves and with the Class Z Notes of each other Series.

3. Conflict between the classes of Master Issuer notes

The Trust Deed contains provisions requiring the Note Trustee to have regard to the interests of the Class A Noteholders, the Class B Noteholders, the Class M Noteholders, the Class C Noteholders and the Class Z Noteholders equally as regards all powers, trusts, authorities, duties and discretions of the Note Trustee under these Conditions or any of the Master Issuer Transaction Documents (except where expressly provided otherwise), but requiring the Note Trustee to have regard (except where expressly provided otherwise):

- (a) for so long as there are any Class A Notes outstanding, only to the interests of the Class A Noteholders if, in the opinion of the Note Trustee, there is or may be a conflict between the interests of the Class A Noteholders and the interests of the Class B Noteholders and/or the interests of the Class M Noteholders and/or the interests of the Class C Noteholders and/or the interests of the Class Z Noteholders;
- (b) subject to (a) above and for so long as there are any Class B Notes outstanding, only to the interests of the Class B Noteholders if, in the opinion of the Note Trustee there is or may be a conflict between the interests of the Class B Noteholders and the interest of the Class M Noteholders and/or the interests of the Class C Noteholders and/or the interests of the Class Z Noteholders;
- (c) subject to (a) and (b) above and for so long as there are any Class M Notes outstanding, only to the interests of the Class M Noteholders if, in the opinion of the Note Trustee, there is or may be a conflict between the interests of the Class M Noteholders and the interests of the Class C Noteholders and/or the interests of the Class Z Noteholders; and
- (d) subject to (a), (b) and (c) above and for so long as there are any Class C Notes outstanding, only to the interests of the Class C Noteholders if, in the opinion of the Note Trustee, there is or may be a conflict between the interests of the Class C Noteholders and the Class Z Noteholders.

The Trust Deed also contains provisions:

- (i) limiting the powers of the Class B Noteholders, the Class M Noteholders, the Class C Noteholders and the Class Z Noteholders in each case, of any Series, *inter alia*, to request or direct the Note Trustee to take any action or to pass an effective Extraordinary Resolution according to the effect thereof on the interests of the Class A Noteholders of that Series or of any other Series. Except in certain circumstances described in Condition 12, the Trust Deed contains no such limitation on the powers of the Class A Noteholders, the exercise of which will be binding on the Class B Noteholders, the Class M Noteholders, the Class C Noteholders and the Class Z Noteholders in each case, of any Series, irrespective of the effect thereof on their respective interests;
- (ii) limiting the powers of the Class M Noteholders, the Class C Noteholders and the Class Z Noteholders in each case, of any Series, *inter alia*, to request or direct the Note Trustee to take any action or to pass an effective Extraordinary Resolution according to the effect thereof on the interests of the Class B Noteholders of that Series or of any other Series. Except in certain circumstances described above and in Condition 12, the Trust Deed contains no such limitation on the powers of the Class B Noteholders, the exercise of which will be binding on the Class M Noteholders, the Class C Noteholders and the Class Z Noteholders, in each case, of any Series, irrespective of the effect thereof on their respective interests;
- (iii) limiting the powers of the Class C Noteholders and the Class Z Noteholders in each case, of any Series, *inter alia*, to request or direct the Note Trustee to take any action or to pass an effective Extraordinary Resolution according to the effect thereof on the interests of the Class M Noteholders of that Series or of any other Series. Except in certain circumstances described above and in Condition 12, the Trust Deed contains no such limitation on the powers of the

Class M Noteholders, the exercise of which will be binding on the Class C Noteholders and the Class Z Noteholders in each case, of any Series, irrespective of the effect thereof on their interests; and

- (iv) limiting the powers of the Class Z Noteholders of any Series, *inter alia*, to request or direct the Note Trustee to take any action or to pass an effective Extraordinary Resolution according to the effect thereof on the interests of the Class C Noteholders of that Series or of any other Series. Except in certain circumstances described above and in Condition 12, the Trust Deed contains no such limitation on the powers of the Class C Noteholders, the exercise of which will be binding on the Class Z Noteholders of any Series, irrespective of the effect thereof on their respective interests.

Notwithstanding that none of the Note Trustee, the Master Issuer Security Trustee and the Noteholders may have any right of recourse against the Rating Agencies in respect of any confirmation given by them and relied upon by the Note Trustee or the Master Issuer Security Trustee pursuant to this Condition 3, the Note Trustee and the Master Issuer Security Trustee shall each be entitled to assume, for the purpose of exercising any right, power, trust, authority, duty or discretion under or in relation to these Conditions or any of the Master Issuer Transaction Documents, that such exercise will not be materially prejudicial to the interests of the Noteholders (or any series and/or class thereof) if the Rating Agencies have confirmed that the then current ratings of the applicable series and/or class or classes of Master Issuer notes would not be adversely affected by such exercise. It is agreed and acknowledged 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 rely on the fact that the Rating Agencies have confirmed that the then current rating of the relevant series and/or class or classes of Master Issuer notes would not be adversely affected, it is expressly agreed and acknowledged by the Note Trustee and the Master Issuer Security Trustee and specifically notified to the Noteholders (and to which they are bound by the Conditions) that the above does not impose or extend any actual or contingent liability for the Rating Agencies to the Note Trustee or the Master Issuer Security Trustee, the Noteholders or any other person or create any legal relations between the Rating Agencies and the Note Trustee, the Master Issuer Security Trustee, the Noteholders or any other person whether by way of contract or otherwise.

As security for, *inter alia*, the payment of all monies payable in respect of the Master Issuer notes, the Master Issuer has entered into the Master Issuer Deed of Charge creating, *inter alia*, the Master Issuer Security in favour of the Master Issuer Security Trustee for itself and on trust for the Noteholders and the other persons expressed to be secured parties under the Master Issuer Deed of Charge (the **Master Issuer Secured Creditors**).

4. Covenants

Save with the prior written consent of the Note Trustee or as provided in or contemplated under these Conditions or any of the Master Issuer Transaction Documents to which the Master Issuer is a party, the Master Issuer shall not, so long as any Master Issuer note remains outstanding:

4.1 **Negative Pledge**

create or permit to subsist any mortgage, standard security, pledge, lien, charge or other security interest whatsoever (unless arising by operation of law) upon the whole or any part of its assets (including any uncalled capital) or its undertakings, present or future, except where the same is given in connection with the issue of a Series;

4.2 **Disposal of Assets**

sell, assign, transfer, lend, lease or otherwise dispose of, or deal with, or grant any option or present or future right to acquire all or any of its properties, assets or undertakings or any interest, estate, right, title or benefit therein or thereto or agree or attempt or purport to do any of the foregoing;

4.3 Equitable and Beneficial Interest

permit any person other than itself and the Master Issuer Security Trustee (as to itself and on behalf of the Master Issuer Secured Creditors) to have any equitable or beneficial interest in any of its assets or undertakings or any interest, estate, right, title or benefit therein;

4.4 Bank Accounts

have an interest in any bank account, other than the bank accounts maintained pursuant to the Master Issuer Bank Account Agreement, the Master Issuer Cash Management Agreement or any other Master Issuer Transaction Document, except in connection with the issue of a Series where such bank account is immediately charged in favour of the Master Issuer Security Trustee pursuant to the Master Issuer Deed of Charge;

4.5 Restrictions on Activities

carry on any business other than as described in the Base Prospectus (as revised, supplemented and/or amended from time to time) relating to the issue of the Master Issuer notes and the related activities described therein;

4.6 Borrowings

incur any indebtedness in respect of borrowed money whatsoever or give any guarantee or indemnity in respect of any indebtedness, except where the same is incurred or given or the Master Issuer becomes so obligated in connection with the issue of a Series;

4.7 Merger

consolidate or merge with any other person or convey or transfer substantially all of its properties or assets to any other person;

4.8 Waiver or Consent

permit the validity or effectiveness of any of the Trust Deed or the Master Issuer Deed of Charge or the priority of the security interests created thereby to be amended, terminated, postponed, waived or discharged, or permit any other person whose obligations form part of the Master Issuer Security to be released from such obligations;

4.9 Employees or Premises

have any employees or premises or subsidiaries;

4.10 Dividends and Distributions

pay any dividend or make any other distribution to its shareholders or issue any further shares;

4.11 Purchase Master Issuer notes

purchase or otherwise acquire any Master Issuer notes; or

4.12 United States 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.

5. Interest

5.1 Interest on Fixed Rate Master Issuer notes

Each Fixed Rate Master Issuer note bears interest on its Principal Amount Outstanding from (and including) the Interest Commencement Date at the rate(s) per annum equal to the Rate(s) of Interest payable, subject as provided in these Conditions, in arrear on the Interest Payment Date(s) in each year specified for such note up to (and including) the Final Maturity Date.

Except as provided in the applicable Final Terms, the amount of interest payable in respect of any Fixed Rate Master Issuer note on each Interest Payment Date for a Fixed Interest Period ending on (but excluding) such date will amount to the Fixed Coupon Amount. Payments of interest on any Interest Payment Date will, if so specified for such note in the applicable Final Terms, amount to the Broken Amount so specified.

As used in these Conditions, **Fixed Interest Period** means the period from and including an Interest Payment Date (or the Interest Commencement Date) to but excluding the next (or the first) Interest Payment Date.

If interest is required to be calculated in respect of any Fixed Rate Master Issuer note for a period other than a Fixed Interest Period, such interest shall be calculated by applying the Rate of Interest specified for such note in the applicable Final Terms to the Principal Amount Outstanding on such note, multiplying such sum by the applicable Day Count Fraction (as defined in Condition 5.6 (*Business Day, Business Day Convention, Day Count Fractions and other adjustments*)), and rounding the resultant figure to the nearest sub-unit (as defined in Condition 5.6 (*Business Day, Business Day Convention, Day Count Fractions and other adjustments*)) of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention.

5.2 Interest on Floating Rate Master Issuer notes

(a) Interest payment dates

Each Floating Rate Master Issuer note bears interest on its Principal Amount Outstanding from (and including) the Interest Commencement Date and such interest will be payable in arrear on the Interest Payment Date(s) in each year specified for such note. Such interest will be payable in respect of each Floating Interest Period.

As used in these Conditions, **Floating Interest Period** means the period from and including an Interest Payment Date (or the Interest Commencement Date) to but excluding the next (or the first) Interest Payment Date.

(b) Rate of interest

The Rate of Interest payable from time to time in respect of a Floating Rate Master Issuer note will be determined in the manner specified for such note in the applicable Final Terms.

Screen rate determination for Floating Rate Master Issuer notes
SONIA

Compounded Daily SONIA (Non-Index Determination)

Where **Screen Rate Determination** and **Overnight Rate** are specified as "Applicable", the **Reference Rate** is specified as being "Compounded Daily SONIA" and **Index Determination** is specified as "Not Applicable" for a Floating Rate Master Issuer note in the applicable Final Terms, the following provisions shall apply and the Rate of Interest for each Interest Period will, subject as provided below, be Compounded Daily SONIA plus or minus (as indicated in the applicable Final Terms) the Margin (if any), as calculated by the Principal Paying Agent (or such other party responsible for the calculation of the Rate of Interest, as specified in the applicable Final Terms).

Compounded Daily SONIA means, in relation to an Interest Period, the rate of return of a daily compound interest investment (with the daily Sterling Overnight Index Average as the Reference Rate for the calculation of interest) and will be calculated by the Principal Paying Agent (or such other party responsible for the calculation of the Rate of Interest, as specified in the applicable Final Terms) on the Interest Determination Date (i) as further specified in the applicable Final Terms; or (ii) in accordance with the following formula, and the resulting percentage will be rounded if necessary to the fourth decimal place, with 0.00005 being rounded upwards:

$$\left[\prod_{i=1}^{d_o} \left(1 + \frac{\text{Daily SONIA} \times n_i}{365} \right) - 1 \right] \times \frac{365}{d}$$

where:

d means the number of calendar days in:

- (a) where in the applicable Final Terms "Lag" is specified as the Observation Method, the relevant Interest Period; or
- (b) where in the applicable Final Terms "Shift" is specified as the Observation Method, the relevant SONIA Observation Period;

Daily SONIA means (save as specified in the applicable Final Terms), in respect of any London Business Day:

- (a) where in the applicable Final Terms "Lag" is specified as the Observation Method, SONIA_{i-pLBD}; or
- (b) where in the applicable Final Terms "Shift" is specified as the Observation Method, SONIA_i;

d_o means the number of London Business Days in:

- (a) where in the applicable Final Terms "Lag" is specified as the Observation Method, the relevant Interest Period; or
- (b) where in the applicable Final Terms "Shift" is specified as the Observation Method, the relevant SONIA Observation Period;

Designated Source means the screen page, display page or other information service of a distributor or other information service provider that is authorised by the SONIA Administrator to publish or otherwise make available SONIA, as specified in the applicable Final Terms, or any successor thereto or replacement thereof (and if any such screen page, display page or other information service is temporarily unavailable, as otherwise published by such distributor or other information service provider);

i means a series of whole numbers from 1 to d_o, each representing the relevant London Business Day in chronological order from (and including) the first London Business Day in:

- (a) where in the applicable Final Terms "Lag" is specified as the Observation Method, in the relevant Interest Period; or
- (b) where in the applicable Final Terms "Shift" is specified as the Observation Method, the relevant SONIA Observation Period;

London Business Day or **LBD** means any day (other than a Saturday or Sunday) on which commercial banks are open for general business (including dealing in foreign exchange and foreign currency deposits) in London;

n_i , for any London Business Day i , means the number of calendar days from (and including) such London Business Day up to (but excluding), the following London Business Day;

p means the number of London Business Days included in the "Observation Look-back Period" specified in the applicable Final Terms;

SONIA Administrator means the Bank of England or any successor administrator of SONIA;

SONIA Observation Period means, in respect of each Interest Period, the period from (and including) the date falling p London Business Days prior to the first day of the relevant Interest Period (and the first Interest Period shall begin on and include the Interest Commencement Date) to (but excluding) the date falling p London Business Days prior to the Interest Payment Date for such Interest Period (or the date falling p London Business Days prior to such earlier date, if any, on which the Floating Rate Master Issuer notes become due and payable);

SONIA reference rate in respect of any London Business Day, is a reference rate equal to the daily Sterling Overnight Index Average ("**SONIA**") rate for such London Business Day as provided by the SONIA Administrator and published, displayed or made available on the Designated Source on the London Business Day immediately following such London Business Day;

SONIA _{i} means (save as specified in the applicable Final Terms) in respect of any London Business Day i falling in the relevant SONIA Observation Period, the SONIA reference rate for such day; and

SONIA _{$i-p$ LBD} means (save as specified in the applicable Final Terms) in respect of any London Business Day i falling in the relevant Interest Period, the SONIA reference rate for the London Business Day falling p London Business Days prior to such day.

Compounded Daily SONIA (Index Determination)

Where **Screen Rate Determination**, **Overnight Rate** and **Index Determination** are specified as "Applicable" and the **Reference Rate** is specified as being "Compounded Daily SONIA" for a Floating Rate Master Issuer note in the applicable Final Terms, the following provisions shall apply and the Rate of Interest for each Interest Period will, subject as provided below, be Compounded Daily SONIA plus or minus (as indicated in the applicable Final Terms) the Margin (if any), as calculated by the Principal Paying Agent (or such other party responsible for the calculation of the Rate of Interest, as specified in the applicable Final Terms).

Compounded Daily SONIA means, in relation to an Interest Period, the rate of return of a daily compound interest investment (with the daily Sterling Overnight Index Average as the Reference Rate for the calculation of interest) and will be calculated by the Principal Paying Agent (or such other party responsible for the calculation of the Rate of Interest, as specified in the applicable Final Terms) on the Interest Determination Date (i) as further specified in the applicable Final Terms; or (ii) in accordance with the following formula, and the resulting percentage will be rounded if necessary to the fourth decimal place, with 0.00005 being rounded upwards:

$$\left(\frac{\text{SONIA Index}_{\text{End}}}{\text{SONIA Index}_{\text{Start}}} - 1 \right) \times \frac{365}{d}$$

where:

d means the number of calendar days from (and including) the day in relation to which SONIA Index_{Start} is determined to (but excluding) the day in relation to which SONIA Index_{End} is determined;

Designated Source means the screen page, display page or other information service of a distributor or other information service provider that is authorised by the

SONIA Administrator to publish or otherwise make available the SONIA Index, as specified in the applicable Final Terms, or any successor thereto or replacement thereof (and if any such screen page, display page or other information service is temporarily unavailable, as otherwise published by such distributor or other information service provider);

London Business Day or **LBD** means any day (other than a Saturday or Sunday) on which commercial banks are open for general business (including dealing in foreign exchange and foreign currency deposits) in London;

p means the number of London Business Days included in the "Observation Look-back Period" specified in the applicable Final Terms;

SONIA Administrator means the Bank of England or any successor administrator of SONIA;

SONIA Index means, unless otherwise defined in the applicable Final Terms, the screen rate or index for compounded daily SONIA rates as provided by the SONIA Administrator and published, displayed or made available on the Designated Source on the relevant Interest Determination Date;

SONIA Index_{Start} means, with respect to an Interest Period, the SONIA Index value for the day which is p London Business Days prior to the first day of such Interest Period; and

SONIA Index_{End} means, with respect to an Interest Period, the SONIA Index value for the day which is p London Business Days prior to (A) the Interest Payment Date for such Interest Period, or (B) such other date on which the relevant payment of interest falls due (but which by its definition or the operation of the relevant provisions is excluded from such Interest Period).

If, as at any relevant Interest Determination Date, the relevant SONIA Index is not published, displayed or made available on the Designated Source by 5.00 p.m. (London time) (or, if later, by the time falling one hour after the customary or scheduled time for publication thereof in accordance with the then-prevailing operational procedures of the SONIA Administrator or the relevant authorised distributor or other information service provider, as the case may be), the Compounded Daily SONIA for the applicable Interest Period for which the relevant SONIA Index is not available shall be "Compounded Daily SONIA" determined as set out under the section entitled "Compounded Daily SONIA (Non-Index Determination)" above and as if Index Determination were specified in the applicable Final Terms as being "Not Applicable", and for these purposes: (i) the "Observation Method" shall be deemed to be "Shift"; and (ii) the "Observation Look-Back Period" shall be deemed to be equal to p London Business Days, as if such alternative elections had been made in the applicable Final Terms.

If, in respect of any London Business Day in the relevant SONIA Observation Period or the relevant Interest Period (as the case may be), the Principal Paying Agent (or such other party responsible for the calculation of the Rate of Interest, as specified in the applicable Final Terms) determines that the SONIA reference rate is not available on the Designated Source, 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 London Business Day; plus (ii) the mean of the spread of the SONIA reference rate to the Bank Rate over the previous five London Business 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.

Notwithstanding the paragraph above, 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 Principal Paying Agent (or such other party responsible for the calculation of the Rate of Interest, as specified in the applicable Final Terms) shall, subject to receiving written Instructions from the Master Issuer and to the extent that it is reasonably practicable, follow such guidance in order to determine Daily SONIA for the purpose of the

relevant Series of Floating Rate Master Issuer notes for so long as the SONIA reference rate is not available or has not been published, displayed or made available on the Designated Source. To the extent that any amendments or modifications to the Conditions or the Transaction Documents are required in order for the Principal Paying Agent (or such other party responsible for the calculation of the Rate of Interest, as specified in the applicable Final Terms) to follow such guidance in order to determine Daily SONIA, the Principal Paying Agent (or such other party responsible for the calculation of the Rate of Interest, as specified in the applicable Final Terms) shall have no obligation to act until such amendments or modifications have been made in accordance with the Conditions and the Transaction Documents.

In the event that the Rate of Interest cannot be determined in accordance with the foregoing provisions by the Principal Paying Agent (or such other party responsible for the calculation of the Rate of Interest, as specified in the applicable Final Terms), the Rate of Interest shall be (i) that determined as at the last preceding Interest Determination Date (though substituting, where a different Margin or Maximum Rate of Interest or Minimum Rate of Interest is to be applied to the relevant Interest Period from that which applied to the last preceding Interest Period, the Margin or Maximum Rate of Interest or Minimum Rate of Interest relating to the relevant Interest Period in place of the Margin or Maximum Rate of Interest or Minimum Rate of Interest relating to that last preceding Interest Period); or (ii) if there is no such preceding Interest Determination Date, the initial Rate of Interest which would have been applicable to such Series of Floating Rate Master Issuer notes for the first Interest Period had the Floating Rate Master Issuer notes been in issue for a period equal in duration to the scheduled first Interest Period but ending on (and excluding) the Interest Commencement Date (but applying the Margin and any Maximum Rate of Interest or Minimum Rate of Interest applicable to the first Interest Period).

If the relevant Series of Floating Rate Master Issuer notes become due and payable in accordance with Condition 10, the final Interest Determination Date shall, notwithstanding any Interest Determination Date specified in the applicable Final Terms, be deemed to be the date on which such Floating Rate Master Issuer notes became due and payable and the Rate of Interest on such Floating Rate Master Issuer notes shall, for so long as any such Floating Rate Master Issuer note remains outstanding, be that determined on such date.

SOFR

Compounded Daily SOFR (Non-Index Determination)

Where **Screen Rate Determination** and **Overnight Rate** are specified as "Applicable", the **Reference Rate** is specified as being "Compounded Daily SOFR" and **Index Determination** is specified as "Not Applicable" for a Floating Rate Master Issuer note in the applicable Final Terms, the following provisions shall apply and the Rate of Interest for each Interest Period will, subject as provided below, be Compounded Daily SOFR plus or minus (as indicated in the applicable Final Terms) the Margin (if any), as calculated by the Principal Paying Agent (or such other party responsible for the calculation of the Rate of Interest, as specified in the applicable Final Terms).

Compounded Daily SOFR means, in relation to an Interest Period, the rate of return of a daily compound interest investment (with the daily Secured Overnight Financing Rate as the Reference Rate for the calculation of interest) and will be calculated by the Principal Paying Agent (or such other party responsible for the calculation of the Rate of Interest, as specified in the applicable Final Terms) on the Interest Determination Date (i) as further specified in the applicable Final Terms; or (ii) in accordance with the following formula, and the resulting percentage will be rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards:

$$\left[\prod_{i=1}^{d_0} \left(1 + \frac{\text{Daily SOFR} \times n_i}{360} \right) - 1 \right] \times \frac{360}{d}$$

where:

Benchmark Replacement Date has the meaning given in the Benchmark Transition Provisions;

Benchmark Transition Event has the meaning given in the Benchmark Transition Provisions;

Benchmark Transition Provisions means the provisions specified in Condition 12.5(c) under the section entitled "Effect of Benchmark Transition Event on SOFR linked Floating Rate Master Issuer notes";

d means the number of calendar days in:

- (a) where in the applicable Final Terms "Lag" is specified as the Observation Method, the relevant Interest Period; or
- (b) where in the applicable Final Terms "Shift" is specified as the Observation Method, the relevant SOFR Observation Period;

Daily SOFR means (save as specified in the applicable Final Terms), in respect of any U.S. Government Securities Business Day:

- (a) where in the applicable Final Terms "Lag" is specified as the Observation Method, SOFRi-pUSBD; or
- (b) where in the applicable Final Terms "Shift" is specified as the Observation Method, SOFRi;

d_o means the number of U.S. Government Securities Business Days in:

- (a) where in the applicable Final Terms "Lag" is specified as the Observation Method, the relevant Interest Period; or
- (b) where in the applicable Final Terms "Shift" is specified as the Observation Method, the relevant SOFR Observation Period;

Designated Source means, as specified in the applicable Final Terms:

- (a) the SOFR Administrator's Website; or
- (b) such other screen page, display page or other information service or a distributor or other information service provider that is authorised by the SOFR Administrator to publish or otherwise make available SOFR, as specified in the applicable Final Terms, or any successor thereto or replacement thereof (and if any such screen page, display page or other information service is temporarily unavailable, as otherwise published by such distributor or other information service provider),

provided that if the SOFR Administrator's Website is specified as the Designated Source in the applicable Final Terms but ceases to so publish or make available such rate, the Designated Source shall be such other screen page, display page or other information service of a distributor or other information service provider that is authorised by the SOFR Administrator to publish or otherwise make available SOFR, as selected by the Master Issuer and notified to Noteholders and the Principal Paying Agent in accordance with Condition 12.10(a).

i means a series of whole numbers from 1 to d_o, each representing the relevant U.S. Government Securities Business Day in chronological order from (and including) the first U.S. Government Securities Business Day in:

- (a) where in the applicable Final Terms "Lag" is specified as the Observation Method, the relevant Interest Period; or
- (b) where in the applicable Final Terms "Shift" is specified as the Observation Method, the relevant SOFR Observation Period;

n_i , for any U.S. Government Securities Business Day i , means the number of calendar days from (and including) such U.S. Government Securities Business Day up to (but excluding) the following U.S. Government Securities Business Day;

p means the number of U.S. Government Securities Business Days included in the "Observation Look-back Period" specified in the applicable Final Terms;

SOFR Administrator means the Federal Reserve Bank of New York, or any successor administrator of SOFR;

SOFR Administrator's Website means the website of the SOFR Administrator, currently at <http://www.newyorkfed.org>, or any successor website of the SOFR Administrator or the website of any successor SOFR Administrator;

SOFR Determination Time means, with respect to any U.S. Government Securities Business Day, 3:00 p.m. (New York City time) on such U.S. Government Securities Business Day;

SOFR Observation Period means, in respect of each Interest Period, the period from (and including) the date falling p U.S. Government Securities Business Days prior to the first day of the relevant Interest Period (and the first Interest Period shall begin on and include the Interest Commencement Date) to (but excluding) the date falling p U.S. Government Securities Business Days prior to the Interest Payment Date for such Interest Period (or the date falling p U.S. Government Securities Business Days prior to such earlier date, if any, on which the Floating Rate Master Issuer notes become due and payable);

SOFR reference rate means, in respect of any U.S. Government Securities Business Day, the rate determined in accordance with the following provisions:

- (a) the Secured Overnight Financing Rate ("**SOFR**") as provided by the SOFR Administrator and published, displayed or made available on the Designated Source on the immediately following U.S. Government Securities Business Day at the SOFR Determination Time; and
- (b) if the rate specified in paragraph (a) above does not so appear at the SOFR Determination Time, then:
 - (i) if a Benchmark Transition Event and its related Benchmark Replacement Date have not occurred with respect to SOFR, then the Principal Paying Agent (or such other party responsible for the calculation of the rate of interest, as specified in the applicable Final Terms) shall use the SOFR published on the Designated Source for the first preceding U.S. Government Securities Business Day on which the SOFR was published on the Designated Source; or
 - (ii) if a Benchmark Transition Event and its related Benchmark Replacement Date have occurred in respect of SOFR, then the SOFR reference rate shall be the rate determined pursuant to the Benchmark Transition Provisions;

SOFR _{i} means (save as specified in the applicable Final Terms) in respect of any U.S. Government Securities Business Day i falling in the relevant SOFR Observation Period, the SOFR reference rate for such day;

SOFR _{$i-p$ USBD} means (save as specified in the applicable Final Terms) in respect of any U.S. Government Securities Business Day i falling in the relevant Interest Period, the SOFR reference rate for the U.S. Government Securities Business Day falling p U.S. Government Securities Business Days prior to such day; and

U.S. Government Securities Business Day or **USBD** means any day except for a Saturday, Sunday or a day on which the Securities Industry and Financial Markets

Association (or any successor thereto) recommends that the fixed income departments of its members be closed for the entire day for purposes of trading in U.S. government securities.

Compounded Daily SOFR (Index Determination)

Where **Screen Rate Determination**, **Overnight Rate** and **Index Determination** are specified as "Applicable" and the **Reference Rate** is specified as being "Compounded Daily SOFR" for a Floating Rate Master Issuer note in the applicable Final Terms, the following provisions shall apply and the Rate of Interest for each Interest Period will, subject as provided below, be Compounded Daily SOFR plus or minus (as indicated in the applicable Final Terms) the Margin (if any), as calculated by the Principal Paying Agent (or such other party responsible for the calculation of the Rate of Interest, as specified in the applicable Final Terms).

Compounded Daily SOFR means, in relation to an Interest Period, the rate of return of a daily compound interest investment (with the daily Secured Overnight Financing Rate as the Reference Rate for the calculation of interest) and will be calculated by the Principal Paying Agent (or such other party responsible for the calculation of the Rate of Interest, as specified in the applicable Final Terms) on the Interest Determination Date (i) as further specified in the applicable Final Terms; or (ii) in accordance with the following formula, and the resulting percentage will be rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards:

$$\left(\frac{\text{SOFR Index}_{\text{End}}}{\text{SOFR Index}_{\text{Start}}} - 1 \right) \times \frac{360}{d}$$

where:

Benchmark Replacement Date has the meaning given in the Benchmark Transition Provisions;

Benchmark Transition Event has the meaning given in the Benchmark Transition Provisions;

Benchmark Transition Provisions means the provisions specified in Condition 12.5(c) under the section entitled "Effect of Benchmark Transition Event on SOFR linked Floating Rate Master Issuer notes";

d means the number of calendar days from (and including) the day in relation to which SOFR Index_{Start} is determined to (but excluding) the day in relation to which SOFR Index_{End} is determined;

Designated Source means, as specified in the applicable Final Terms:

- (a) the SOFR Administrator's Website; or
- (b) such other screen page, display page or other information service or a distributor or other information service provider that is authorised by the SOFR Administrator to publish or otherwise make available the SOFR Index, as specified in the applicable Final Terms, or any successor thereto or replacement thereof (and if any such screen page, display page or other information service is temporarily unavailable, as otherwise published by such distributor or other information service provider),

provided that if the SOFR Administrator's Website is specified as the Designated Source in the applicable Final Terms but ceases to so publish or make available such rate, the Designated Source shall be such other screen page, display pay or other information service of a distributor or other information service provider that is authorised by the SOFR Administrator to publish or otherwise make available the SOFR Index, as selected by the Master Issuer and notified to Noteholders and the Principal Paying Agent in accordance with Condition 12.10(a).

p means the number of U.S. Government Securities Business Days included in the "Observation Look-back Period" specified in the applicable Final Terms;

SOFR Administrator means the Federal Reserve Bank of New York, or any successor administrator of SOFR;

SOFR Administrator's Website means the website of the SOFR Administrator, currently at <http://www.newyorkfed.org>, or any successor website of the SOFR Administrator or the website of any successor SOFR Administrator;

SOFR_{Index} means, unless otherwise defined in the applicable Final Terms, with respect to any U.S. Government Securities Business Day:

- (a) the SOFR Index value as provided by the SOFR Administrator and published, displayed or made available on the Designated Source at the SOFR Determination Time;
- (b) if a SOFR Index value does not so appear as specified in (a) above at the SOFR Determination Time, then:
 - (i) if a Benchmark Transition Event and its related Benchmark Replacement Date have not occurred with respect to SOFR, then the SOFR Index shall be the rate determined pursuant to the penultimate paragraph of Compounded Daily SOFR (Index Determination); or
 - (ii) if a Benchmark Transition Event and its related Benchmark Replacement Date have occurred in respect of SOFR, then the SOFR Index shall be the rate determined pursuant to the Benchmark Transition Provisions;

SOFR Index_{Start} means, with respect to an Interest Period, the SOFR Index value for the day which is p U.S. Government Securities Business Days prior to the first day of such Interest Period;

SOFR Index_{End} means, with respect to an Interest Period, the SOFR Index value for the day which is p U.S. Government Securities Business Days prior to (A) the Interest Payment Date for such Interest Period, or (B) such other date on which the relevant payment of interest falls due (but which by its definition or the operation of the relevant provisions is excluded from such Interest Period); and

U.S. Government Securities Business Day or **USBD** means any day except for a Saturday, Sunday or a day on which the Securities Industry and Financial Markets Association (or any successor thereto) recommends that the fixed income departments of its members be closed for the entire day for purposes of trading in U.S. government securities.

If, as at any relevant SOFR Determination Time, the relevant SOFR Index is not published, displayed or made available on the Designated Source and a Benchmark Transition Event and its related Benchmark Replacement Date have not occurred with respect to SOFR, the Compounded Daily SOFR for the applicable Interest Period for which the relevant SOFR Index is not available shall be "Compounded Daily SOFR" determined as set out under the section entitled "Compounded Daily SOFR (Non-Index Determination)" above and as if Index Determination were specified in the applicable Final Terms as being "Not Applicable", and for these purposes: (i) the "Observation Method" shall be deemed to be "Shift"; and (ii) the "Observation Look-Back Period" shall be deemed to be equal to p U.S. Government Securities Business Days, as if such alternative elections had been made in the applicable Final Terms.

For the avoidance of doubt, if, as at any relevant SOFR Determination Time (i) the relevant SOFR reference rate or the SOFR Index (as the case may be) is not published, displayed or made available on the Designated Source and (ii) a Benchmark Transition Event and its related Benchmark Replacement Date have occurred with respect to SOFR, the SOFR reference rate or the SOFR Index (as the case may be) will be determined in accordance with

the Benchmark Transition Provisions specified in Condition 12.5(c) under the section entitled "Effect of Benchmark Transition Event on SOFR linked Floating Rate Master Issuer notes".

€STR

Compounded Daily €STR (Non-Index Determination)

Where **Screen Rate Determination** and **Overnight Rate** are specified as "Applicable", the **Reference Rate** is specified as being "Compounded Daily €STR" and **Index Determination** is specified as "Not Applicable" for a Floating Rate Master Issuer note in the applicable Final Terms, the following provisions shall apply and the Rate of Interest for each Interest Period will, subject as provided below, be Compounded Daily €STR plus or minus (as indicated in the applicable Final Terms) the Margin (if any), as calculated by the Principal Paying Agent (or such other party responsible for the calculation of the Rate of Interest, as specified in the applicable Final Terms).

Compounded Daily €STR means, in relation to an Interest Period, the rate of return of a daily compound interest investment (with the daily Euro Short-Term Rate as the Reference Rate for the calculation of interest) and will be calculated by the Principal Paying Agent (or such other party responsible for the calculation of the Rate of Interest, as specified in the applicable Final Terms) on the Interest Determination Date (i) as further specified in the applicable Final Terms; or (ii) in accordance with the following formula, and the resulting percentage will be rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards:

$$\left[\prod_{i=1}^{d_0} \left(1 + \frac{\text{Daily €STR} \times n_i}{360} \right) - 1 \right] \times \frac{360}{d}$$

where:

d means the number of calendar days in:

- (a) where in the applicable Final Terms "Lag" is specified as the Observation Method, the relevant Interest Period; or
- (b) where in the applicable Final Terms "Shift" is specified as the Observation Method, the relevant €STR Observation Period;

Daily €STR means (save as specified in the applicable Final Terms), in respect of any TARGET Business Day i:

- (a) where in the applicable Final Terms "Lag" is specified as the Observation Method, $\text{€STR}_{i-p\text{TBDx}}$; or
- (b) where in the applicable Final Terms "Shift" is specified as the Observation Method, €STR_i ; and

d₀ means the number of TARGET Business Days in:

- (a) where in the applicable Final Terms "Lag" is specified as the Observation Method, the relevant Interest Period; or
- (b) where in the applicable Final Terms "Shift" is specified as the Observation Method, the relevant €STR Observation Period;

Designated Source means, as specified in the applicable Final Terms:

- (a) the €STR Administrator's Website; or
- (b) such other screen page, display page or other information service of a distributor or other information service provider that is authorised by the €STR Administrator to publish or otherwise make available €STR, as specified in the applicable Final

Terms, or any successor thereto or replacement thereof (and if any such screen page, display page or other information service is temporarily unavailable, as otherwise published by such distributor or other information service provider),

provided that if the €STR Administrator's Website is specified as the Designated Source in the applicable Final Terms but ceases to so publish or make available such rate, the Designated Source shall be such other screen page, display page or other information service of a distributor or other information service provider that is authorised by the €STR Administrator to publish or otherwise make available €STR, as selected by the Master Issuer and notified to Noteholders and the Principal Paying Agent in accordance with **condition 12.10**;

€STR_i means, in respect of a TARGET Business Day *i* the €STR reference rate for such TARGET Business Day;

€STR_{i-pTBDx} means, in respect of a TARGET Business Day *i* falling in the relevant Interest Period, the €STR reference rate for such TARGET Business Day falling *p* TARGET Business Days prior to the relevant TARGET Business Day *i*;

€STR Administrator means the European Central Bank or any successor administrator of €STR;

€STR Administrator's Website means the website of the €STR Administrator currently at <https://www.ecb.europa.eu/home/html/index.en.html>, or any successor website of the €STR Administrator or the website of any successor €STR Administrator;

€STR reference rate in respect of any TARGET Business Day ("**TBDx**"), means a reference rate equal to the daily Euro Short-Term Rate ("**€STR**") rate for such TBDx provided by the €STR Administrator and published, displayed or made available on the Designated Source on the TARGET Business Day immediately following TBDx (in each case, at the time specified by, or determined in accordance with, the applicable methodology, policies or guidelines, of the €STR Administrator);

€STR Observation Period means, in respect of each Interest Period, the period from (and including) the date falling *p* TARGET Business Days prior to the first day of the relevant Interest Period (and the first Interest Period shall begin on and include the Interest Commencement Date) to (but excluding) the date falling *p* TARGET Business Days prior to the Interest Payment Date for such Interest Period (or the date falling *p* TARGET Business Days prior to such earlier date, if any, on which the Floating Rate Master Issuer notes become due and payable);

i means a series of whole numbers from 1 to *d_o*, each representing the relevant TARGET Business Day in chronological order from (and including) the first TARGET Business Day in:

- (a) where in the applicable Final Terms "Lag" is specified as the Observation Method, the relevant Interest Period; or
- (b) where in the applicable Final Terms "Shift" is specified as the Observation Method, the relevant €STR Observation Period;

n_i, for any day TARGET Business Day *i*, means the number of calendar days from (and including) such day TARGET Business Day to (but excluding) the following TARGET Business Day;

p means the number of TARGET Business Days included in the "Observation Look-back Period" specified in the applicable Final Terms; and

TARGET Business Day means a day on which the T2 system is open for the settlement of payments in euro.

Compounded Daily €STR (Index Determination)

Where **Screen Rate Determination**, **Overnight Rate** and **Index Determination** are specified as "Applicable" and the **Reference Rate** is specified as being "Compounded Daily €STR" for a Floating Rate Master Issuer note in the applicable Final Terms, the following provisions shall apply and the Rate of Interest for each Interest Period will, subject as provided below, be Compounded Daily €STR plus or minus (as indicated in the applicable Final Terms) the Margin (if any), as calculated by the Principal Paying Agent (or such other party responsible for the calculation of the Rate of Interest, as specified in the applicable Final Terms).

Compounded Daily €STR means, in relation to an Interest Period, the rate of return of a daily compound interest investment (with the daily Euro Short-Term Rate as the Reference Rate for the calculation of interest) and will be calculated by the Principal Paying Agent (or such other party responsible for the calculation of the Rate of Interest, as specified in the applicable Final Terms) on the Interest Determination Date (i) as further specified in the applicable Final Terms; or (ii) in accordance with the following formula, and the resulting percentage will be rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards:

$$\left(\frac{\text{€STR Index}_{\text{End}}}{\text{€STR Index}_{\text{Start}}} - 1 \right) \times \frac{360}{d}$$

where:

d means the number of calendar days from (and including) the day in relation to which €STR Index_{Start} is determined to (but excluding) the day in relation to which €STR Index_{End} is determined;

Designated Source means, as specified in the applicable Final Terms:

- (a) the €STR Administrator's Website; or
- (b) such other screen page, display page or other information service of a distributor or other information service provider that is authorised by the €STR Administrator to publish or otherwise make available the €STR Index, as specified in the applicable Final Terms, or any successor thereto or replacement thereof (and if any such screen page, display page or other information service is temporarily unavailable, as otherwise published by such distributor or other information service provider),

provided that if the €STR Administrator's Website is specified as the Designated Source in the applicable Final Terms but ceases to so publish or make available such rate, the Designated Source shall be such other screen page, display page or other information service of a distributor or other information service provider that is authorised by the €STR Administrator to publish or otherwise make available the €STR Index, as selected by the Master Issuer and notified to Noteholders and the Principal Paying Agent in accordance with **Condition 12.10**;

€STR Index means, unless otherwise defined in the applicable Final Terms, with respect to any TARGET Business Day, the screen rate or index for compounded daily €STR rates provided by the €STR Administrator that is published, displayed or made available on the Designated Source on the relevant Interest Determination Date;

€STR Index_{Start} means, with respect to an Interest Period, the €STR Index value for the day which is p TARGET Business Days prior to the first day of such Interest Period;

€STR Index_{End} means, with respect to an Interest Period, the €STR Index value for the day which is p TARGET Business Days prior to (A) the Interest Payment Date for such Interest Period, or (B) such other date on which the relevant payment of interest falls due (but which by its definition or the operation of the relevant provisions is excluded from such Interest Period);

p means (save as specified in the applicable Final Terms) the number of TARGET Business Days included in the "Observation Look-back Period" specified in the applicable Final Terms; and

TARGET Business Day means a day on which the T2 system is open for the settlement of payments in euro.

If, as at any relevant Interest Determination Date, the relevant €STR Index is not published, displayed or made available on the Designated Source by 5.00 p.m. (Central European Time) (or, if later, by the time falling one hour after the customary or scheduled time for publication thereof in accordance with the then-prevailing operational procedures of the €STR Administrator or such other authorised distributor or information service provider, as the case may be) the Compounded Daily €STR for the applicable Interest Period for which the relevant €STR Index is not available shall be "Compounded Daily €STR" determined as set out under the section entitled "Compounded Daily €STR (Non-Index Determination)" above and as if Index Determination were specified in the applicable Final Terms as being "Not Applicable", and for these purposes: (i) the "Observation Method" shall be deemed to be "Shift"; and (ii) the "Observation Look-Back Period" shall be deemed to be equal to p TARGET Business Days, as if such alternative elections had been made in the applicable Final Terms.

If, in respect of any TARGET Business Day in the relevant €STR Observation Period or the relevant Interest Period (as the case may be), the €STR reference rate is not available on the Designated Source, such €STR reference rate shall be the €STR reference rate for the first preceding TARGET Business Day in respect of which an €STR reference rate was published on the Designated Source, as determined by the Principal Paying Agent (or such other party responsible for the calculation of the Rate of Interest, as specified in the applicable Final Terms).

Notwithstanding the paragraph above, in the event the European Central Bank publishes guidance as to (i) how the €STR reference rate is to be determined; or (ii) any rate that is to replace the €STR reference rate, the Principal Paying Agent (or such other party responsible for the calculation of the Rate of Interest, as specified in the applicable Final Terms) shall, subject to receiving written Instructions from the Master Issuer and to the extent that it is reasonably practicable, follow such guidance in order to determine Daily €STR for the purpose of the relevant Series of Floating Rate Master Issuer notes for so long as the €STR reference rate is not available or has not been published by the Designated Source. To the extent that any amendments or modifications to the Conditions or the Transaction Documents are required in order for the Principal Paying Agent (or such other party responsible for the calculation of the Rate of Interest, as specified in the applicable Final Terms) to follow such guidance in order to determine Daily €STR, the Principal Paying Agent (or such other party responsible for the calculation of the Rate of Interest, as specified in the applicable Final Terms) shall have no obligation to act until such amendments or modifications have been made in accordance with the Conditions and the Transaction Documents.

In the event that the Rate of Interest cannot be determined in accordance with the foregoing provisions by the Principal Paying Agent (or such other party responsible for the calculation of the Rate of Interest, as specified in the applicable Final Terms), the Rate of Interest shall be (i) that determined as at the last preceding Interest Determination Date (though substituting, where a different Margin or Maximum Rate of Interest or Minimum Rate of Interest is to be applied to the relevant Interest Period from that which applied to the last preceding Interest Period, the Margin or Maximum Rate of Interest or Minimum Rate of Interest relating to the relevant Interest Period in place of the Margin or Maximum Rate of Interest or Minimum Rate of Interest relating to that last preceding Interest Period); or (ii) if there is no such preceding Interest Determination Date, the initial Rate of Interest which would have been applicable to such Series of Floating Rate Master Issuer notes for the first Interest Period had the Floating Rate Master Issuer notes been in issue for a period equal in duration to the scheduled first Interest Period but ending on (and excluding) the Interest Commencement Date (but applying the Margin and any Maximum Rate of Interest or Minimum Rate of Interest applicable to the first Interest Period).

If the relevant Series of Floating Rate Master Issuer notes become due and payable in accordance with Condition 10, the final Interest Determination Date shall, notwithstanding any Interest Determination Date specified in the applicable Final Terms, be deemed to be the date on which such Floating Rate Master Issuer notes became due and payable and the Rate of Interest on such Floating Rate Master Issuer notes shall, for so long as any such Floating Rate Master Issuer note remains outstanding, be that determined on such date.

Other Reference Rates

Where **Screen Rate Determination** is specified as "Applicable" for a Floating Rate Master Issuer note and the Reference Rate is specified as being EURIBOR in the applicable Final Terms, the following provisions shall apply and the Rate of Interest for each Interest Period will, subject as provided below, be the published rate for EURIBOR which appears on the Relevant Screen Page as at 11.00 a.m. Brussels time (or such other time as specified in the applicable Final Terms) on the Interest Determination Date in question plus or minus the Margin (if any) as determined by the Agent Bank.

If the Relevant Screen Page is not available or no published rate for EURIBOR appears, unless both an Index Cessation Event and an Index Cessation Event Effective Date have occurred, the Rate of Interest will be determined by the Agent Bank using the published rate for EURIBOR which appeared on the Relevant Screen Page as at 11.00 a.m. Brussels time (or such other time as specified in the applicable Final Terms) on the last preceding Business Day prior to the Interest Determination Date for which the Relevant Screen Page was available or in respect of which such published rate was available, plus or minus the Margin (if any).

If the Relevant Screen Page is not available or no published rate for EURIBOR appears at the Specified Time, and both an Index Cessation Event and an Index Cessation Effective Date have occurred, the Rate of Interest shall be determined by the Agent Bank as if references in these Conditions to "EURIBOR" were references to the rate (inclusive of any spread(s) or adjustment(s)) that was recommended as the replacement for EURIBOR by the European Central Bank (or any successor thereof) or any relevant committee or other body established, sponsored or approved by the European Central Bank (or any successor thereof), in each case for the purpose of recommending a replacement for such rate (and each such replacement rate having been notified in writing by the Master Issuer to the Agent Bank), provided that, if no such rate has been recommended before the end of the first Interest Determination Date following the date on which the relevant Index Cessation Event occurred, the Rate of Interest to be determined on such Interest Determination Date (and any other Interest Determination Date occurring prior to such recommendation having been made) shall be determined as the Rate of Interest as at the last preceding Interest Determination Date (though substituting, where a different Margin is to be applied to the relevant Interest Period from that which applied to the last preceding Interest Period, the Margin relating to the relevant Interest Period in place of the Margin relating to that last preceding Interest Period).

In this Condition:

Index Cessation Effective Date means the first date on which EURIBOR is no longer provided by the administrator of EURIBOR; and

Index Cessation Event means the occurrence of one or more of the following events in respect of EURIBOR:

(A) a public statement or publication of information by or on behalf of the administrator of EURIBOR announcing that it has ceased or will cease to provide or publish EURIBOR permanently or indefinitely, provided that, at the time of the statement or the publication, there is no successor administrator that will continue to provide EURIBOR; or

(B) a public statement or publication of information by the regulatory supervisor for the administrator of EURIBOR, the central bank for the currency of euro, an insolvency official with jurisdiction over the administrator of EURIBOR, a resolution authority with jurisdiction

over the administrator of EURIBOR or a court or an entity with similar insolvency or resolution authority over the administrator of EURIBOR, which states that the administrator of EURIBOR has ceased or will cease to provide EURIBOR permanently or indefinitely, provided that, at the time of the statement or publication, there is no successor administrator that will continue to provide EURIBOR.

(c) *Minimum rate of interest and/or maximum rate of interest*

If the applicable Final Terms specifies a Minimum Rate of Interest for a Floating Rate Master Issuer note for any Interest Period, then, in the event that the Rate of Interest for such note in respect of such Interest Period determined in accordance with the provisions of paragraph (b) above is less than such Minimum Rate of Interest, the Rate of Interest for such note for such Interest Period shall be such Minimum Rate of Interest.

If the applicable Final Terms specifies a Maximum Rate of Interest for such note for any Interest Period, then, in the event that the Rate of Interest for such note in respect of such Interest Period determined in accordance with the provisions of paragraph (b) above is greater than such Maximum Rate of Interest, the Rate of Interest for such note for such Interest Period shall be such Maximum Rate of Interest.

(d) *Determination of rate of interest and calculation of interest amounts*

The Agent Bank will at or as soon as practicable after each time at which the Rate of Interest is to be determined, determine the Rate of Interest for the relevant Interest Period (provided that no provision of these Conditions or the Paying Agent and Agency Bank Agreement shall require an Agent to do anything which may be illegal or contrary to applicable law or regulation).

The Agent Bank will calculate the amount of interest payable on the Floating Rate Master Issuer notes in respect of each Specified Denomination (each an **Interest Amount**) for the relevant Interest Period. Each Interest Amount shall be calculated by applying the Rate of Interest to the Principal Amount Outstanding of each Master Issuer note, multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub-unit (as defined in Condition 5.6 (*Business Day, Business Day Convention, Day Count Fractions and other adjustments*)) of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention.

(e) *Notification of rate of interest and interest amounts*

The Agent Bank will cause the Rate of Interest and each Interest Amount for each Interest Period and the relevant Interest Payment Date to be notified to the Note Trustee, the Master Issuer Security Trustee, the Master Issuer Cash Manager, the Paying Agents, the Registrar and to any stock exchange or other relevant competent authority or quotation system on which the relevant Floating Rate Master Issuer notes are for the time being listed, quoted and/or traded or by which they have been admitted to listing and to be published in accordance with **Condition 12.10** as soon as possible after their determination but in no event later than the fourth Business Day (as defined in Condition 5.6 (*Business Day, Business Day Convention, Day Count Fractions and other adjustments*)) thereafter. Each Interest Amount and Interest Payment Date so notified 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. Any such amendment or alternative arrangements will be promptly notified to the Note Trustee and each stock exchange or other relevant authority on which the relevant Floating Rate Master Issuer notes are for the time being listed or by which they have been admitted to listing and to the Noteholders in accordance with **Condition 12.10**.

(f) *Certificates to be final*

All certificates, communications, opinions, determinations, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this **Condition 5.2**, whether by the Agent Bank or the Calculation Agent (as defined in **Condition 5.2(b)(i)**) or the Note Trustee shall (in the absence of wilful default, bad faith or manifest error) be binding on the Master Issuer, the Master Issuer Cash Manager, the Principal Paying Agent, the Calculation Agent, the other Paying Agents, the Note Trustee and all Noteholders and (in the absence of wilful default or bad faith) no liability to the Master Issuer or the Noteholders shall attach to the Agent Bank or the Calculation Agent or the Note Trustee in connection with the exercise or non-exercise by it of its powers, duties and discretions pursuant to such provisions.

5.3 Accrual of interest

Interest (if any) will cease to accrue on each Master Issuer note (or in the case of the redemption of part only of a Master Issuer note, that part only of such note) on the due date for redemption thereof unless, upon due presentation thereof, payment of principal is improperly withheld or refused in which event, interest will continue to accrue until the earlier of:

- (a) the date on which all amounts due in respect of such note have been paid; and
- (b) the seventh day after notice is duly given by the Principal Paying Agent or the U.S. Paying Agent (as the case may be) to the Holder thereof that such payment will be made, provided that subsequently, payment is in fact made.

5.4 Deferred interest

To the extent that, subject to and in accordance with the relevant Master Issuer Priority of Payments, the funds available to the Master Issuer to pay interest on any Series and Class (or Sub-Class) of Master Issuer notes (other than the most senior Class (or Sub-Class) of Master Issuer notes of any Series then outstanding) on an Interest Payment Date (after discharging the Master Issuer's liabilities of a higher priority) are insufficient to pay the full amount of such interest, payment of the shortfall attributable to such Series and Class (or Sub-Class) of Master Issuer notes (**Deferred Interest**) will not then fall due but will instead be deferred until the first Interest Payment Date for such notes thereafter on which sufficient funds are available (after allowing for the Master Issuer's liabilities of a higher priority and subject to and in accordance with the relevant Master Issuer Priority of Payments) to fund the payment of such Deferred Interest to the extent of such available funds.

Such Deferred Interest will accrue interest (**Additional Interest**) at the rate of interest applicable from time to time to the applicable Series and Class (or Sub-Class) of Master Issuer notes and payment of any Additional Interest will also be deferred until the first Interest Payment Date for such notes thereafter on which funds are available (after allowing for the Master Issuer's liabilities of a higher priority subject to and in accordance with the relevant Master Issuer Priority of Payments) to the Master Issuer to pay such Additional Interest to the extent of such available funds.

Amounts of Deferred Interest and Additional Interest shall not be deferred beyond the Final Maturity Date of the applicable Series and Class (or Sub-Class) of Master Issuer notes, when such amounts will become due and payable.

Payments of interest due on an Interest Payment Date in respect of the most senior Class of Master Issuer notes of any Series then outstanding will not be deferred. In the event of the delivery of a Note Enforcement Notice (as described in **Condition 10**), the amount of interest in respect of such Master Issuer notes that was due but not paid on such Interest Payment Date will itself bear interest at the applicable rate until both the unpaid interest and the interest on that interest are paid as provided in the Trust Deed.

5.5 Interest Where There is an Increase Amount of a Class Z Variable Funding Note

If, in the Floating Interest Period immediately preceding an Interest Payment Date, there has been a subscription of an Increase Amount in respect of a Class Z Variable Funding Note pursuant to **Condition 6.10** below, the Interest payable shall be determined as the sum of:

- (a) the interest determined as being payable in respect of the Class Z Variable Funding Note as if the Principal Amount Outstanding were the Principal Amount Outstanding of the Class Z Variable Funding Note at the beginning of such Floating Interest Period; plus
- (b) the interest determined as being payable in respect of each Increase Amount made in such Floating Interest Period calculated on the basis set out in **Condition 5.2** as if references in **Condition 5.2** to the Principal Amount Outstanding in respect of such Class Z Variable Funding Note were to the Increase Amount and the Floating Interest Period in respect of such Increase Amount commenced on the Increase Date. The Rate of Interest in respect of any Increase Amount made on an Increase Date which is not an Interest Payment Date shall be the same rate as that determined in respect of the Principal Amount Outstanding of the Class Z Variable Funding Note immediately prior to such Increase Date or such other rate as may be specified in the applicable Final Terms in respect of such Class Z Variable Funding Note.

In all other cases, the interest payable in respect of each Class Z Variable Funding Note shall be determined pursuant to **Condition 5.2** above.

5.6 Business Day, Business Day Convention, Day Count Fractions and other adjustments

In these Conditions, **Business Day** means a day which is both:

- (i) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in London and any Additional Business Centre specified in the applicable Final Terms; and
- (ii) either (1) in relation to any sum payable in a Specified Currency other than euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the relevant Specified Currency (if other than London and any Additional Business Centre) or (2) in relation to any sum payable in euro, a day on which the real time gross settlement system operated by the Eurosystem (or any successor system) ("T2") is open for settlement of payments in euro.

If a **Business Day Convention** is specified for a Fixed Rate Master Issuer note or a Floating Rate Master Issuer note in the applicable Final Terms and (x) if there is no numerically corresponding day in the calendar month in which an Interest Payment Date should occur or (y) if any Interest Payment Date would otherwise fall on a day which is not a Business Day, then, if the Business Day Convention specified is:

- (i) in any case where Specified Periods are specified in accordance with Condition 5.2(b)(ii) (*Screen Rate Determination for Floating Rate Master Issuer notes*), the "**Floating Rate Convention**", such Interest Payment Date (A) in the case of (x) above, shall be the last day that is a Business Day in the relevant month and the provisions of (II) below shall apply mutatis mutandis, or (B) in the case of (y) above, shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event (I) such Interest Payment Date shall be brought forward to the immediately preceding Business Day, and (II) each subsequent Interest Payment Date shall be the last Business Day in the month which falls the Specified Period after the preceding applicable Interest Payment Date occurred; or
- (ii) the "**Following Business Day Convention**", the Interest Payment Date for such note shall be postponed to the next day which is a Business Day; or
- (iii) the "**Modified Following Business Day Convention**", the Interest Payment Date for such note shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event such Interest Payment Date shall be brought forward to the immediately preceding Business Day; or
- (iv) the "**Preceding Business Day Convention**", the Interest Payment Date for such note shall be brought forward to the immediately preceding Business Day; or
- (v) the "**Modified Preceding Business Day Convention**", such Interest Payment Date shall be brought forward to the immediately preceding Business Day unless it would thereby fall into the previous calendar month, in which event such Interest Payment Date shall be postponed to the next day which is a Business Day.

Day Count Fraction means, in respect of the calculation of an amount of interest for a Fixed Rate Master Issuer note or a Floating Rate Master Issuer note in accordance with this **Condition 5**, for any Interest Period:

- (a) if **Actual/Actual (ICMA)** is specified for such note in the applicable Final Terms:
 - (i) in the case of Master Issuer Notes where the number of days in the relevant period from (and including) the most recent Interest Payment Date for such notes (or, if none,

the Interest Commencement Date) to (but excluding) the relevant Interest Payment Date (the **Accrual Period**) is equal to or shorter than the Determination Period during which the Accrual Period ends, the number of days in such Accrual Period divided by the product of (A) the number of days in such Determination Period and (B) the number of Determination Dates (as specified in the applicable Final Terms) that would occur in one calendar year; or

- (ii) in the case of Master Issuer Notes where the Accrual Period is longer than the Determination Period during which the Accrual Period ends, the sum of:
 - (A) the number of days in such Accrual Period falling in the Determination Period in which the Accrual Period begins divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates that would occur in one calendar year; and
 - (B) the number of days in such Accrual Period falling in the next Determination Period divided by the product of (I) the number of days in such Determination Period and (II) the number of Determination Dates that would occur in one calendar year; and
- (iii) if **Actual/365** or **Actual/Actual (ISDA)** is specified for such note in the applicable Final Terms, the actual number of days in the Interest Period divided by 365 (or, if any portion of that Interest Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Interest Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Interest Period falling in a non-leap year divided by 365);
- (iv) if **Actual/365 (Fixed)** is specified for such for such note in the applicable Final Terms, the actual number of days in the Interest Period divided by 365;
- (v) if **Actual/365 (Sterling)** is specified for such note in the applicable Final Terms, the actual number of days in the Interest Period divided by 365 or, in the case of an Interest Payment Date falling in a leap year, 366;
- (vi) if **Actual/360** is specified for such note in the applicable Final Terms, the actual number of days in the Interest Period divided by 360;
- (vii) if **30/360**, **360/360** or **Bond Basis** is specified for such note in the applicable Final Terms, the number of days in the Interest Period divided by 360 (the number of days to be calculated on the basis of a year of 360 days with twelve 30-day months (unless (a) the last day of the Interest Period is the 31st day of a month but the first day of the Interest Period is a day other than the 30th or 31st day of a month, in which case the month that includes that last day shall not be considered to be shortened to a 30-day month, or (b) the last day of the Interest Period is the last day of the month of February, in which case the month of February shall not be considered to be lengthened to a 30-day month)); and
- (viii) if **30E/360** or **Eurobond Basis** is specified for such note in the applicable Final Terms, the number of days in the Interest Period divided by 360 (the number of days to be calculated on the basis of a year of 360 days with twelve 30-day months, without regard to the date of the first day or last day of the Interest Period unless, in the case of the final Interest Period, the Final Maturity Date is the last day of the month of February, in which case the month of February shall not be considered to be lengthened to a 30-day month); and
- (ix) such other Day Count Fraction as may be specified in the applicable Final Terms Document.

As used in these Conditions, **Determination Period** means each period from and including a Determination Date (as defined in the applicable Final Terms) to but excluding the next Determination Date (including where either the Interest Commencement Date or the final Interest Payment Date is not a Determination Date, the period commencing on the first Determination Date prior to, and ending on the first Determination Date falling after, such date).

If "**adjusted**" is specified in the applicable Final Terms against the Day Count Fraction, interest in respect of the relevant Interest Period shall be payable in arrear on the relevant Interest Payment Date and calculated from (and including) an Interest Payment Date (or the Interest Commencement Date) to (but excluding) the next (or first) Interest Payment Date, as such Interest Payment Date shall, where applicable, be adjusted in accordance with the Business Day Convention.

If "**not adjusted**" is specified in the applicable Final Terms against the Day Count Fraction, interest in respect of the relevant Interest Period shall be payable in arrear on the relevant Interest Payment Date and calculated from (and including) an Interest Payment Date (or the Interest Commencement Date) to (but excluding) the next (or first) Interest Payment Date, but such Interest Payment Dates shall not be adjusted in accordance with any Business Day Convention.

sub-unit means, with respect to any currency other than euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, with respect to euro, euro 0.01.

6. Redemption, Purchase and Cancellation

6.1 Final Redemption

Unless previously redeemed in full as provided in this **Condition 6**, the Master Issuer shall redeem a Series and Class (or Sub-Class) of Master Issuer notes at their then Principal Amount Outstanding together with all accrued interest on the Final Maturity Date in respect of such Series and Class (or Sub-Class) of Master Issuer notes.

The Master Issuer may not redeem such notes in whole or in part prior to their Final Maturity Date except as provided in **Conditions 6.2, 6.4 or 6.5**, but without prejudice to **Condition 10**.

6.2 Mandatory Redemption

On each Interest Payment Date, other than an Interest Payment Date on which a Series and Class (or Sub-Class) of Master Issuer notes are to be redeemed under **Condition 6.1 above**, and **Conditions 6.4 and 6.5 below** and the Master Issuer shall repay principal in respect of such notes in an amount equal to the amount (if any) repaid on such Interest Payment Date in respect of the related Term Advance, and pursuant to, the Master Intercompany Loan Agreement converted, where the Specified Currency for such notes is not sterling, into the Specified Currency at the Specified Currency Exchange Rate for such notes.

To the extent that there are insufficient funds available to the Master Issuer to repay the amount due to be paid on such Interest Payment Date the Master Issuer will be required to repay the shortfall, to the extent that it receives funds therefor (and subject to the terms of the Master Issuer Deed of Charge and the Master Issuer Cash Management Agreement) on subsequent Interest Payment Dates in respect of such notes.

6.3 Note Principal Payments, Principal Amount Outstanding and Pool Factor

The principal amount redeemable (the **Note Principal Payment**) in respect of each Master Issuer note of a particular Series and Class (or Sub-Class) on any Interest Payment Date under **Condition 6.2** shall be a proportion of the amount required as at that Interest Payment Date to be applied in redemption of such Series and Class (or Sub-Class) of Master Issuer notes on such date equal to the proportion that the Principal Amount Outstanding of the relevant Master Issuer note bears to the aggregate Principal Amount Outstanding of such Series and Class (or Sub-Class) of Master Issuer notes rounded down to the nearest sub-unit (as defined in Condition 5.6 (*Business Day, Business Day Convention, Day Count Fractions and other adjustments*)) of the Specified Currency; provided always that no such Note Principal Payment may exceed the Principal Amount Outstanding of the relevant Master Issuer note.

On each Note Determination Date the Master Issuer shall determine (or cause the Agent Bank to determine) (a) the amount of any Note Principal Payment payable in respect of each Master Issuer note of the relevant Series and Class (or Sub-Class) on the immediately following Interest Payment Date and (b) the

Principal Amount Outstanding of each such note which shall be the Specified Denomination plus (in the case of each Class Z Variable Funding Note) the aggregate of all relevant Increase Amounts, less the aggregate amount of all Note Principal Payments in respect of such note that has been paid since the relevant Closing Date and on or prior to that Note Determination Date (the **Principal Amount Outstanding**) and (c) the fraction expressed as a decimal to the fifth decimal point (the **Pool Factor**), of which the numerator is the Principal Amount Outstanding of such note (as referred to in (b) above) and the denominator is the Specified Denomination. Each determination by or on behalf of the Master Issuer of Note Principal Payment of a Master Issuer note, the Principal Amount Outstanding of a Master Issuer 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.

The Master Issuer will cause each determination of the Note Principal Payment and the Principal Amount Outstanding and the Pool Factor in respect of a Series and Class (or Sub-Class) of Master Issuer notes to be notified forthwith, and in any event not later than 1.00 p.m. (London time) on the Business Day immediately succeeding the Note Determination Date, to the Note Trustee, the Master Issuer Security Trustee, the Paying Agents, the Agent Bank, the Registrar and (for so long as such notes are listed on one or more stock exchanges) the relevant stock exchanges, and will cause notice of each determination of the Note Principal Payment and the Principal Amount Outstanding to be given to Noteholders in accordance with **Condition 12.10** by no later than the Business Day after the relevant Interest Payment Date.

6.4 Optional Redemption in Full

Provided a Note Enforcement Notice has not been served and subject to the provisos below, upon giving not more than 60 nor less than 30 days' prior notice to the Note Trustee, the Noteholders and the relevant Master Issuer Swap Provider(s) in accordance with **Condition 12.10**, the Master Issuer may redeem a Series and Class (or Sub-Class) of Master Issuer notes at their aggregate Redemption Amount together with any accrued and unpaid interest in respect thereof on the following dates:

- (a) the date specified as the Step-Up Date for such notes in the applicable Final Terms and on any Interest Payment Date for such notes thereafter; or
- (b) on any Interest Payment Date on which the aggregate Principal Amount Outstanding of such notes and all other Classes of Master Issuer notes of the same Series is less than 10 per cent. of the aggregate Principal Amount Outstanding of such Series of Master Issuer notes as at the Closing Date on which such Series of Master Issuer notes were issued,
- (c) the date specified as the Optional Redemption Date for such notes in the applicable Final Terms and on each Interest Payment Date for such notes thereafter,

PROVIDED THAT (in either of the cases above), on or prior to giving any such notice, the Master Issuer shall have provided to the Note Trustee a certificate signed by two directors of the Master Issuer to the effect that (i) it will have the funds, not subject to any interest of any other person, required to redeem such notes as aforesaid and any amounts required to be paid in priority to or *pari passu* with such notes outstanding in accordance with the terms and conditions of the Master Issuer Deed of Charge and the Master Issuer Cash Management Agreement and (ii) the Repayment Tests will be satisfied following the making of such redemptions and the Note Trustee shall be entitled to accept such certificate as sufficient evidence thereof (without liability and without further investigation) in which event it shall be conclusive and binding on the Noteholders and all other persons.

6.5 Optional Redemption for Tax and other Reasons

Provided a Note Enforcement Notice has not been served, if the Master Issuer at any time satisfies the Note Trustee in writing immediately prior to the giving of the notice referred to below that on the next Interest Payment Date either:

- (a) the Master Issuer would by virtue of a change in the law or regulations of the United Kingdom or any other jurisdiction (or the application or interpretation thereof) be required to deduct or withhold from any payment of principal or interest or any other amount under a Series and Class (or Sub-Class) of Master Issuer notes any amount for or on account of any present or future taxes, duties, assessments or governmental charges of whatever nature (other than

where the relevant Holder or beneficial owner has some connection with the relevant jurisdiction other than the holding of the Master Issuer notes); or

- (b) Funding would be required to deduct or withhold from amounts due in respect of the Term Advance under the Master Intercompany Loan Agreement which was funded by such notes any amount for or on account of any present or future taxes, duties, assessments or governmental charges of whatever nature; and
- (c) in relation to either the events described in (a) and (b) above, such obligation of the Master Issuer or Funding (as the case may be) cannot be avoided by the Master Issuer or Funding (as the case may be) taking reasonable measures available to the Master Issuer or Funding (as the case may be),

then the Master Issuer shall use its reasonable endeavours to arrange the substitution of a company incorporated in another jurisdiction approved by the Note Trustee as principal debtor under such notes and/or as lender of such Term Advance as the case may be, upon the Note Trustee being satisfied that (1) such substitution will not be materially prejudicial to the interests of the Noteholders of any Series and Class, and (2) upon the Master Issuer Security Trustee being satisfied that (A) the position of the Master Issuer Secured Creditors will not thereby be adversely affected, and (B) such substitution would not require registration of any new security under United States securities laws or materially increase the disclosure requirements under United States law or the costs of issuance. Only if the Master Issuer is unable to arrange a substitution will the Master Issuer be entitled to redeem the Master Issuer notes as described in this **Condition 6.5**.

Subject to the proviso below, if the Master Issuer is unable to arrange a substitution as described above and, as a result, one or more of the events described in (a) and (b) above (as the case may be) is continuing, then the Master Issuer may, having given not more than 60 nor less than 30 days' notice to the Note Trustee, the Noteholders and the relevant Master Issuer Swap Provider(s) in accordance with **Condition 12.10**, redeem all (but not some only) of such notes on the immediately succeeding Interest Payment Date for such notes at their aggregate Redemption Amount together with any accrued and unpaid interest in respect thereof provided that (in either case), prior to giving any such notice, the Master Issuer shall have provided to the Note Trustee:

- (i) a certificate signed by two directors of the Master Issuer stating the circumstances referred to in (a) or (b) and (c) above prevail and setting out details of such circumstances; and
- (ii) an opinion in form and substance satisfactory to the Note Trustee of independent legal advisors of recognised standing to the effect that the Master Issuer and/or Funding has or will become obliged to deduct or withhold such amounts as a result of such change or amendment.

The Note Trustee shall be entitled to accept such certificate and opinion as sufficient evidence (without liability and without further investigation) of the satisfaction of the circumstance set out in (a) or (b) and (c) above, in which event they shall be conclusive and binding on the Noteholders. The Master Issuer may only redeem such notes as aforesaid, if on or prior to giving such notice, the Master Issuer shall have provided to the Note Trustee a certificate signed by two directors of the Master Issuer to the effect that it will have the funds, not subject to any interest of any other person, required to redeem such notes as aforesaid and any amounts required to be paid in priority to or *pari passu* with such notes outstanding in accordance with the terms and conditions of the Master Issuer Deed of Charge and the Master Issuer Cash Management Agreement and the Note Trustee shall be entitled to accept such certificate as sufficient evidence thereof in which event it shall be conclusive and binding on the Noteholders and all other persons.

In addition to the foregoing, if, at any time, the Master Issuer delivers a certificate to Funding, the Note Trustee and the Master Issuer Security Trustee to the effect that it would be unlawful for the Master Issuer to make, fund or allow to remain outstanding a Term Advance made by it under the Master Intercompany Loan Agreement and stating that the Master Issuer may require Funding to prepay the relevant Term Advance on an Interest Payment Date subject to and in accordance with the provisions of the Master Intercompany Loan Agreement to the extent necessary to cure such illegality and the Master Issuer may redeem all (but not some only) of the relevant Master Issuer notes at their Redemption Amount together with any accrued interest upon giving not more than 60 days' nor less than 30 days' (or such shorter period as may be required under any relevant law) prior written notice to the Master Issuer Security Trustee, the Note Trustee, the relevant Master

Issuer Swap Provider(s) and the Noteholders in accordance with **Condition 12.10** provided that, prior to giving any such notice, the Master Issuer shall have provided to the Note Trustee a certificate signed by two directors of the Master Issuer to the effect that it will have the funds, not subject to the interest of any other person, required to redeem the Master Issuer notes as provided above and any amount to be paid in priority to or *pari passu* with the Master Issuer notes and the Note Trustee shall be entitled to accept such certificate as sufficient evidence thereof (without liability and without further investigation) in which event it shall be conclusive and binding on the Noteholders and all other persons. Such monies received by the Master Issuer shall be used to redeem the relevant Master Issuer notes in full, together with any accrued and unpaid interest on the equivalent Interest Payment Date.

6.6 Redemption Amounts

For the purposes of this **Condition 6.6, Redemption Amount** means, in respect of any Series and Class (or Sub-Class) of Master Issuer notes, the amount specified in relation to such notes in the applicable Final Terms or, if not so specified in respect of each Master Issuer note, the Principal Amount Outstanding of such note.

6.7 Money Market Note Mandatory Transfer

- (a) If remarketing arrangements are specified as applicable in the relevant Final Terms in relation to a Series and Class (or Sub-Class) of Money Market Notes, such Money Market Notes shall, subject to paragraph (c) below, be transferred in accordance with paragraph (b) below on each Transfer Date prior to the occurrence of a Mandatory Transfer Termination Event, as confirmed by the Remarketing Bank providing a Conditional Purchase Confirmation to the Master Issuer and the Principal Paying Agent, in exchange for payment of the Transfer Price and the Master Issuer and the Principal Paying Agent will procure payment of the Transfer Price to the Noteholders of the Money Market Notes on the relevant Transfer Date.
- (b) Subject to paragraphs (a) above and (c) below, all the interests of the Noteholders of the Money Market Notes in the Money Market Notes shall be transferred on the relevant Transfer Date to the account of the Remarketing Bank on behalf of the relevant purchasers or as otherwise notified by or on behalf of the Remarketing Bank prior to such date or if Money Market Notes in definitive form are then issued, the Money Market Notes will be registered in the name of the Remarketing Bank or as otherwise notified by or on behalf of the Remarketing Bank by the Registrar and the Register will be amended accordingly with effect from the relevant Transfer Date.
- (c) Any Noteholder of a Money Market Note may exercise his right to retain such Money Market Note through the facilities of DTC at any time prior to the commencement of the Remarketing Period that ends immediately before the relevant Transfer Date.

6.8 Optional Purchase

- (a) If specified in the relevant Final Terms, Santander UK has the right (the **Purchase Option**), by delivering a notice to the relevant Noteholders, the Registrar and the Note Trustee pursuant to the Santander UK Optional Purchase Agreement, to require the relevant Noteholders, subject to and in accordance with any applicable conditions specified in the relevant Final Terms, to sell to Santander UK or otherwise allow Santander UK to be substituted as the Holder of all, but not some only, of the Class B Notes and/or the Class M Notes and/or the Class C Notes and/or the Class Z Notes as so specified (collectively the **Called Notes**) on any Interest Payment Date (prior to the date specified in the Final Terms (the **Final Purchase Date**) or such later date as may be permitted by the FCA) falling on or after the Interest Payment Date (the **Initial Purchase Date**) specified in the applicable Final Terms (if any) for a price equal to the aggregate redemption amount of any of the Called Notes, together with any accrued and unpaid interest on the Called Notes and, on the date therefor specified in the notice (being an Interest Payment Date falling on or after the Initial Purchase Date), the Registrar shall effect the transfer to Santander UK of such Called Notes by entering such transfer in the Register.
- (b) Immediately after such transfer or substitution of Santander UK as the Holder of the Called Notes, each former Holder of the Called Notes shall cease to have any interest in the Called Notes.

- (c) The Called Notes transferred to Santander UK pursuant to the Purchase Option shall, subject as provided in the Transaction Documents, remain outstanding until the date on which they would otherwise be redeemed or cancelled in accordance with their terms and conditions.
- (d) By subscribing to or purchasing the Called Notes, each Holder of the Called Notes (i) is deemed to have notice of and be bound by the provisions of the Santander UK Optional Purchase Agreement and (ii) directs, authorises and requests the Note Trustee to enter into the Santander UK Optional Purchase Agreement. Each Holder of Called Notes also irrevocably authorises and instructs the Master Issuer, the Registrar, DTC, Euroclear or, as the case may be, Clearstream, Luxembourg to effect the transfer of its Called Notes on the relevant Interest Payment Date to Santander UK, in accordance with the relevant Final Terms and the rules for the time being of DTC, Euroclear or, as the case may be, Clearstream, Luxembourg.

6.9 Optional Redemption in Part

Provided a Note Acceleration Notice has not been served and subject to the provisos below, upon giving not more than 30 nor less than 15 days' prior notice to the Note Trustee and the Noteholders in accordance with **Condition 12.10**, the Master Issuer may redeem a Series and Class of Notes in the Instalment Amounts specified in the applicable Final Terms, together with any accrued and unpaid interest in respect thereof, on the date specified as the Optional Partial Redemption Date in respect of such Instalment Amount for such Master Issuer notes in the applicable Final Terms and on any Interest Payment Date for such Master Issuer notes thereafter, PROVIDED THAT on or prior to giving any such notice, the Master Issuer shall have provided to the Note Trustee a certificate signed by two directors of the Master Issuer to the effect that (i) it will have the funds, not subject to any interest of any other person, required to redeem such Master Issuer notes as aforesaid and any amounts required to be paid in priority to or pari passu with such Master Issuer notes in accordance with the terms and conditions of the Master Issuer Deed of Charge and the Master Issuer Cash Management Agreement, and (ii) the Repayment Tests will be satisfied following the making of such redemptions, and the Note Trustee shall be entitled to accept such certificate as sufficient evidence thereof, without further enquiry or investigation and without liability to any person in which event it shall be conclusive and binding on the Noteholders and all other persons. Such optional redemption will be reflected in the records of Euroclear and Clearstream, Luxembourg as either a Pool Factor or a reduction in nominal amount, at their discretion.

6.10 Increase in a Class Z Variable Funding Note

A Class Z Variable Funding Noteholder may on any date (each an **Increase Date**) increase the Principal Amount Outstanding of a Class Z Variable Funding Note and cause a corresponding increase in the Specified Denomination of such Class Z Variable Funding Note, provided that such increase shall not cause the Seller Share to be reduced below the Minimum Seller Share, by:

- (a) delivering to the Master Issuer, the Registrar and the Master Issuer Cash Manager a written notice (with a copy to the Note Trustee) indicating:
 - (i) the amount of the increase (the **Increase Amount**);
 - (ii) the date of the proposed increase (which may be the date on which the notice is provided); and
 - (iii) with satisfactory evidence, that it is the relevant Class Z Variable Funding Noteholder; and
- (b) subscribing for and paying an amount equal to the Increase Amount to the Master Issuer Transaction Account or such other account as the Master Issuer (or the Master Issuer Cash Manager) may direct from time to time).

The Master Issuer undertakes to lend the proceeds of the Increase Amount to Funding by way of an increase in the size of the relevant NR VFN Term Advance.

7. Payments

7.1 Presentation of Master Issuer notes

Payments of principal shall be made by transfer to a Designated Account maintained by the payee with a Designated Bank and (in the case of final redemption) upon surrender of the relevant Master Issuer note at the Specified Office of any Paying Agent.

Payments of interest shall be made by transfer to a Designated Account maintained by the payee with a Designated Bank and (in the case of interest payable on final redemption) upon surrender of the relevant Master Issuer note at the Specified Office of any Paying Agent.

7.2 Laws and Regulations

Payments of principal and interest in respect of the Master Issuer notes are subject, in all cases, to (i) any fiscal or other laws and regulations applicable thereto in the place of payment, 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 through 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof, or any law implementing an intergovernmental approach thereto. Noteholders will not be charged commissions or expenses on payments.

7.3 Payment of Interest following a failure to pay Principal

If payment of principal is improperly withheld or refused on or in respect of any Master Issuer note or part thereof, the interest which continues to accrue in respect of such Master Issuer note in accordance with **Condition 5** will be paid in accordance with this **Condition 7**.

7.4 Change of Paying Agents

The initial Principal Paying Agent, the Registrar, the Transfer Agent and the Paying Agents are listed in these Conditions. The Master Issuer reserves the right, subject to the prior written approval of the Note Trustee, at any time to vary or terminate the appointment of the Principal Paying Agent, the Registrar, the Transfer Agent and the U.S. Paying Agent and to appoint additional or other Paying Agents. The Master Issuer will at all times maintain a Paying Agent with a Specified Office in London and a U.S. Paying Agent with a Specified Office in New York and a Registrar. Except where otherwise provided in the Trust Deed, the Master Issuer will cause at least 30 days' notice of any change in or addition to the Paying Agents, the Transfer Agent or the Registrar or their Specified Offices to be given in accordance with **Condition 12.10** and will notify the Rating Agencies of such change or addition.

7.5 No payment on non-Business Day

Payment instructions (for value the due date or, if the due date is not a Business Day, for value the next succeeding Business Day) will be initiated (a) (in the case of payments of principal and interest payable on redemption) on the later of the due date for payment and the day on which the relevant Master Issuer note is surrendered (or, in the case of part payment only, endorsed) at the Specified Office of a Paying Agent and (b) (in the case of payments of interest payable other than on redemption) on the due date for payment. A Holder of a Master Issuer note shall not be entitled to any interest or other payment in respect of any delay in payment resulting from the due date for a payment not being a Business Day.

7.6 Partial Payment

If a Paying Agent makes a partial payment in respect of any Master Issuer note, the Master Issuer shall procure and the Registrar will ensure that the amount and date of such payment are noted on the Register and, in the case of partial payment upon presentation of a Master Issuer note, that a statement indicating the amount and date of such payment is endorsed on the relevant Master Issuer note.

7.7 Record Date

Each payment in respect of a Master Issuer note will be made to the persons shown as the Holder in the Register (i) where the Master Issuer note is in global form, at the close of the business day (being for this purpose a day on which Euroclear and Clearstream, Luxembourg are open for business) before the relevant

due date, (ii) where the Master Issuer note is in definitive form, at the opening of business in the place of the Registrar's Specified Office on the fifteenth day before the due date for such payment (the **Record Date**).

7.8 Payment of Interest

Subject as provided otherwise in these Conditions, if interest is not paid in respect of a Master Issuer note of any Class on the date when due and payable (other than because the due date is not a Business Day) or by reason of non-compliance with **Condition 7.1**, then such unpaid interest shall itself bear interest at the Rate of Interest applicable from time to time to such note until such interest and interest thereon are available for payment and notice thereof has been duly given in accordance with **Condition 12.10**.

8. Prescription

Claims against the Master Issuer for payment of interest and principal on redemption shall be prescribed and become void if the relevant Master Issuer notes are not surrendered for payment within a period of 10 years from the relevant date in respect thereof. After the date on which a payment under a Master Issuer note becomes void in its entirety, no claim may be made in respect thereof. In this **Condition 8**, the **relevant date**, in respect of a payment under a Master Issuer note, is the date on which the payment in respect thereof first becomes due or (if the full amount of the monies payable in respect of those payments under all the Master Issuer notes due on or before 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 so received, notice to that effect is duly given to Noteholders in accordance with **Condition 12.10**.

9. Taxation

All payments in respect of the Master Issuer notes will be made without withholding or deduction for, or on account of, any present or future taxes, duties or charges of whatsoever nature unless the Master Issuer or any relevant Paying Agent is required by applicable law to make any payment in respect of the Master Issuer notes subject to any such withholding or deduction. In that event, the Master Issuer or such Paying Agent shall make such payment after such withholding or deduction has been made and shall account to the relevant authorities for the amount so required to be withheld or deducted. No Paying Agent nor the Master Issuer will be obliged to make any additional payments to Noteholders in respect of such withholding or deduction.

10. Events of Default

10.1 Class A Noteholders

The Note Trustee in its absolute discretion may, and if so requested in writing by the Holders of not less than 25 per cent. in aggregate Principal Amount Outstanding of the Class A Notes then outstanding (which for this purpose and the purpose of any Extraordinary Resolution referred to in this **Condition 10.1** means the Class A Notes of all Series constituted by the Trust Deed) or if so directed by or pursuant to an Extraordinary Resolution passed at a meeting of the Holders of the Class A Notes shall (subject, in each case, to being indemnified and/or secured and/or prefunded to its satisfaction) give notice (a **Class A Note Enforcement Notice**) to the Master Issuer, the Master Issuer Security Trustee and the Security Trustee of a Note Event of Default (as defined below) declaring (in writing) the Class A Notes and all other Master Issuer notes to be due and repayable (and they shall forthwith become due and repayable) at any time after the happening of any of the following events (each a **Note Event of Default**) which is continuing or unwaived:

- (a) default being made for a period of three Business Days in the payment of any amount of principal of the Class A Notes of any Series when and as the same ought to be paid in accordance with these Conditions or default being made for a period of three Business Days in the payment of any amount of interest on the Class A Notes of any Series when and as the same ought to be paid in accordance with these Conditions; or
- (b) the Master Issuer failing duly to perform or observe any other obligation binding upon it under the Class A Notes of any Series, the Trust Deed, the Master Issuer Deed of Charge or any other Master Issuer Transaction Document and, in any such case (except where the Note Trustee certifies that, in its opinion, such failure is incapable of remedy, in which case no notice will be required), such failure is continuing unremedied for a period of 20 days following the service by the Note Trustee on the Master Issuer of notice requiring the same to be

remedied and the Note Trustee has certified that the failure to perform or observe is materially prejudicial to the interests of the Holders of the Class A Notes of such Series; or

- (c) the Master Issuer, otherwise than for the purposes of such amalgamation or reconstruction as is referred to in subparagraph (d) below, ceases or threatens to cease to carry on its business or a substantial part of its business or the Master Issuer is deemed unable to pay its debts within the meaning of Section 123(1)(a), (b), (c) or (d) of the Insolvency Act 1986 (as that section may be amended, modified or re-enacted) or becomes unable to pay its debts as they fall due or the value of its assets falls to less than the amount of its liabilities (taking into account for both these purposes its contingent and prospective liabilities) or otherwise becomes insolvent; or
- (d) an order being made or an effective resolution being passed for the winding-up of the Master Issuer except a winding-up for the purposes of or pursuant to an amalgamation, restructuring or merger the terms of which have previously been approved by the Note Trustee in writing or by an Extraordinary Resolution of the Holders of the Class A Notes; or
- (e) proceedings being otherwise initiated against the Master Issuer under any applicable liquidation, insolvency, composition, reorganisation or other similar laws (including, but not limited to, presentation for a petition for an administration order, the filing of documents with the court for an administration or the service of a notice of intention to appoint an administrator) and (except in the case of presentation of a petition for an administration order) such proceedings are not, in the sole opinion of the Note Trustee, being disputed in good faith with a reasonable prospect of success, or an administration order being granted or the appointment of an administrator takes effect or an administrative receiver or other receiver, liquidator or other similar official being appointed in relation to the Master Issuer or in relation to the whole or any substantial part of the undertaking or assets of the Master Issuer, or an encumbrancer taking possession of the whole or any substantial part of the undertaking or assets of the Master Issuer, or a distress, execution, diligence or other process being levied or enforced upon or sued out against the whole or any substantial part of the undertaking or assets of the Master Issuer and such possession or process (as the case may be) not being discharged or not otherwise ceasing to apply within 30 days, or the Master Issuer initiating or consenting to the foregoing proceedings relating to itself under applicable liquidation, insolvency, composition, reorganisation or other similar laws or making a conveyance or assignment for the benefit of its creditors generally or a composition or similar arrangement with the creditors or takes steps with a view to obtaining a moratorium in respect of any of its indebtedness, including without limitation, the filing of documents with the court; or
- (f) if a Master Intercompany Loan Enforcement Notice is served under the Master Intercompany Loan Agreement, while the Class A Notes of any Series are outstanding.

10.2 Class B Noteholders

This **Condition 10.2** shall have no effect if, and for as long as, any Class A Notes of any Series are outstanding. Subject thereto, for so long as any Class B Notes of any Series are outstanding, the Note Trustee in its absolute discretion may, and if so requested in writing by the Holders of not less than 25 per cent. in aggregate Principal Amount Outstanding of the Class B Notes then outstanding (which for this purpose and the purpose of any Extraordinary Resolution referred to in this **Condition 10.2** means the Class B Notes of all Series constituted by the Trust Deed) or if so directed by or pursuant to an Extraordinary Resolution passed at a meeting of the Holders of the Class B Notes shall (subject, in each case, to being indemnified and/or secured and/or prefunded to its satisfaction) give notice (a **Class B Note Enforcement Notice**) to the Master Issuer, the Master Issuer Security Trustee and the Security Trustee of a Note Event of Default (as defined below) declaring (in writing) the Class B Notes and all other Master Issuer notes to be due and repayable (and they shall forthwith become due and repayable) at any time after the happening of any of the following events:

- (a) default being made for a period of three Business Days in the payment of any amount of principal of the Class B Notes of any Series when and as the same ought to be paid in accordance with these Conditions or default being made for a period of three Business Days in the payment of any amount of interest on the Class B Notes of any Series when and as the same ought to be paid in accordance with these Conditions; or

- (b) the occurrence of any of the events in **Condition 10.1(b), (c), (d), (e) or (f) above** provided that the references in **Condition 10.1(b), Condition 10.1(d) and Condition 10.1(f)** to Class A Notes shall be read as references to Class B Notes.

10.3 Class M Noteholders

This **Condition 10.3** shall have no effect if, and for as long as, any Class A Notes or any Class B Notes of any Series are outstanding. Subject thereto, for so long as any Class M Notes are outstanding, the Note Trustee in its absolute discretion may, and if so requested in writing by the Holders of not less than 25 per cent. in aggregate Principal Amount Outstanding of the Class M Notes then outstanding (which for this purpose and the purpose of any Extraordinary Resolution referred to in this **Condition 10.3** means the Class M Notes of all Series constituted by the Trust Deed) or if so directed by or pursuant to an Extraordinary Resolution passed at a meeting of the Holders of the Class M Notes shall (subject, in each case, to being indemnified and/or secured and/or prefunded to its satisfaction) give notice (a **Class M Note Enforcement Notice**) to the Master Issuer, the Master Issuer Security Trustee and the Security Trustee of a Note Event of Default (as defined below) declaring (in writing) the Class M Notes and all other Master Issuer notes to be due and repayable (and they shall forthwith become due and repayable) at any time after the happening of any of the following events:

- (a) default being made for a period of three Business Days in the payment of any amount of principal of the Class M Notes of any Series when and as the same ought to be paid in accordance with these Conditions or default being made for a period of three Business Days in the payment of any amount of interest on the Class M Notes of any Series when and as the same ought to be paid in accordance with these Conditions; or
- (b) the occurrence of any of the events in **Condition 10.1(b), (c), (d), (e) or (f) above** provided that the references in **Condition 10.1(b), Condition 10.1(d) and Condition 10.1(f)** to Class A Notes shall be read as references to Class M Notes.

10.4 Class C Noteholders

This **Condition 10.4** shall have no effect if, and for as long as, any Class A Notes, any Class B Notes or any Class M Notes of any Series are outstanding. Subject thereto, for so long as any Class C Notes are outstanding, the Note Trustee in its absolute discretion may, and if so requested in writing by the Holders of not less than 25 per cent. in aggregate Principal Amount Outstanding of the Class C Notes then outstanding (which for this purpose and the purpose of any Extraordinary Resolution referred to in this **Condition 10.4** means the Class C Notes of all Series constituted by the Trust Deed) or if so directed by or pursuant to an Extraordinary Resolution passed at a meeting of the Holders of the Class C Notes shall (subject, in each case, to being indemnified and/or secured and/or prefunded to its satisfaction) give notice (a **Class C Note Enforcement Notice**) to the Master Issuer, the Master Issuer Security Trustee and the Security Trustee of a Note Event of Default (as defined below) declaring (in writing) the Class C Notes and all other Master Issuer notes to be due and repayable (and they shall forthwith become due and repayable) at any time after the happening of any of the following events:

- (a) default being made for a period of three Business Days in the payment of any amount of principal of the Class C Notes of any Series when and as the same ought to be paid in accordance with these Conditions or default being made for a period of three Business Days in the payment of any amount of interest on the Class C Notes of any Series when and as the same ought to be paid in accordance with these Conditions; or
- (b) the occurrence of any of the events in **Condition 10.1(b), (c), (d), (e) or (f) above** provided that the references in **Condition 10.1(b), Condition 10.1(d) and Condition 10.1(f)** to Class A Notes shall be read as references to Class C Notes.

10.5 Class Z Noteholders

This **Condition 10.5** shall have no effect if, and for as long as, any Class A Notes, any Class B Notes, any Class M Notes or any Class C Notes of any Series are outstanding. Subject thereto, for so long as any Class Z Notes are outstanding, the Note Trustee in its absolute discretion may, and if so requested in writing by the Holders of not less than 25 per cent. in aggregate Principal Amount Outstanding of the Class Z Notes

then outstanding (which for this purpose and the purpose of any Extraordinary Resolution referred to in this **Condition 10.5** means the Class Z Notes of all Series constituted by the Trust Deed) or if so directed by or pursuant to an Extraordinary Resolution passed at a meeting of the Holders of the Class Z Notes shall (subject, in each case, to being indemnified and/or secured and/or prefunded to its satisfaction) give notice (a **Class Z Note Enforcement Notice**) to the Master Issuer, the Master Issuer Security Trustee and the Security Trustee of a Note Event of Default (as defined below) declaring (in writing) the Class Z Notes and all other Master Issuer notes to be due and repayable (and they shall forthwith become due and repayable) at any time after the happening of any of the following events:

- (a) default being made for a period of three Business Days in the payment of any amount of principal of the Class Z Notes of any Series when and as the same ought to be paid in accordance with these Conditions or default being made for a period of three Business Days in the payment of any amount of interest on the Class Z Notes of any Series when and as the same ought to be paid in accordance with these Conditions; or
- (b) the occurrence of any of the events in **Condition 10.1(b), (c), (d), (e) or (f) above** provided that the references in **Condition 10.1(b), Condition 10.1(d) and Condition 10.1(f)** to Class A Notes shall be read as references to Class Z Notes.

10.6 Following Service of a Note Enforcement Notice

In these Conditions, a **Note Enforcement Notice** means any of the Class A Note Enforcement Notice, the Class B Note Enforcement Notice, the Class M Note Enforcement Notice, the Class C Note Enforcement Notice and the Class Z Note Enforcement Notice. For the avoidance of doubt, upon any Note Enforcement Notice being given by the Note Trustee in accordance with **Conditions 10.1, 10.2, 10.3, 10.4 or 10.5 above**, all the Master Issuer notes then outstanding shall immediately become due and repayable at their Principal Amount Outstanding together with accrued interest.

11. Enforcement of Master Issuer notes

11.1 Enforcement

The Note Trustee may, at its discretion and without notice at any time and from time to time, take such steps or actions and institute such proceedings against the Master Issuer or any other person as it may think fit to enforce the provisions of the Master Issuer notes, the Trust Deed (including these Conditions) or any of the other Master Issuer Transaction Documents to which it is a party and the Note Trustee may, at its discretion without notice, at any time after the Master Issuer Security has become enforceable (including after the service of a Note Enforcement Notice in accordance with **Condition 10**), instruct the Master Issuer Security Trustee to take such steps as it may think fit to enforce the Master Issuer Security. The Note Trustee shall not be bound to take such steps or institute such proceedings or give such instructions unless:

- (a) (subject in all cases to restrictions contained in the Trust Deed to protect the interests of any higher ranking Class of Noteholders) it shall have been so directed by an Extraordinary Resolution of the Class A Noteholders, the Class B Noteholders, the Class M Noteholders, the Class C Noteholders and the Class Z Noteholders (which for this purpose means the Holders of all Series of the Class A Notes, the Class B Notes, the Class M Notes, the Class C Notes or the Class Z Notes (as applicable)) or so requested in writing by the Holders of at least 25 per cent. in aggregate Principal Amount Outstanding of the Class A Notes, the Class B Notes, the Class M Notes, the Class C Notes and the Class Z Notes (as applicable) of all Series then outstanding; and
- (b) it shall have been indemnified and/or secured and/or pre-funded to its satisfaction.

The Master Issuer Security Trustee shall not, and shall not be bound to, take such steps or take any such action unless it is so directed by the Note Trustee and indemnified and/or secured and/or pre-funded to its satisfaction.

Amounts available for distribution after enforcement of the Master Issuer Security shall be distributed in accordance with the terms of the Master Issuer Deed of Charge.

No Noteholder shall be entitled to proceed directly against the Master Issuer unless the Note Trustee or the Master Issuer Security Trustee (as the applicable), having become bound so to do, fails to do so within a reasonable period and such failure shall be continuing, provided that no Class B Noteholder, Class M Noteholder, Class C Noteholder or Class Z Noteholder will be entitled to commence proceedings for the winding-up or administration of the Master Issuer at any time unless:

- there are no outstanding Master Issuer notes of a Class with higher priority; or
- if Master Issuer notes of a Class with higher priority are outstanding, there is consent of Noteholders of at least one quarter of the aggregate Principal Amount Outstanding of the Master Issuer notes outstanding of the Class or Classes of Master Issuer notes with higher priority or pursuant to an Extraordinary Resolution of the Holders of such Class of Master Issuer notes.

Notwithstanding any other condition or any provision of any Transaction Document, all obligations of the Master Issuer to the Noteholders are limited in recourse to the Master Issuer Security. If:

- there is no Master Issuer Security remaining which is capable of being realised or otherwise converted into cash;
- all amounts available from the Master Issuer Security have been applied to meet or provide for the relevant obligations specified in, and in accordance with, the provisions of the Master Issuer Deed of Charge; and
- there are insufficient amounts available from the Master Issuer Security to pay in full, in accordance with the provisions of the Master Issuer Deed of Charge, amounts outstanding under the Master Issuer notes (including payments of principal, premium (if any) and interest),

then the Noteholders shall have no further claim against the Master Issuer in respect of any amounts owing to them which remain unpaid (including, for the avoidance of doubt, payments of principal, premium (if any) and/or interest in respect of the Master Issuer notes) and such unpaid amounts shall be deemed to be discharged in full and any relevant payment rights shall be deemed to cease.

12. Meetings of Noteholders, Modifications and Waiver

12.1 Meetings of Noteholders

The Trust Deed contains provisions for convening meetings (including by way of conferencing call or by use of a videoconferencing platform) of Noteholders of any Series and Class (or Sub-Class) to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of any provision of these Conditions or the provisions of any of the Master Issuer Transaction Documents.

(a) Class A Notes

In respect of the Class A Notes, the Trust Deed provides that, subject to **Condition 12.2**:

- (i) a resolution which, in the opinion of the Note Trustee, affects the interests of the Holders of the Class A Notes of one Sub-Class or Series (as the case may be) only shall be deemed to have been duly passed if passed at a meeting of the Holders of the Class A Notes of that Sub-Class or Series (as the case may be);
- (ii) a resolution which, in the opinion of the Note Trustee, affects the interests of the Holders of the Class A Notes of any two or more Sub-Classes or Series (as the case may be) but does not give rise to a conflict of interest between the Holders of any such two or more Sub-Classes or Series (as the case may be) of Class A Notes, shall be deemed to have been duly passed if passed at a single meeting of the Holders of such two or more Sub-Classes or Series (as the case may be) of Class A Notes; and
- (iii) a resolution which, in the opinion of the Note Trustee, affects the interests of the Holders of the Class A Notes of any two or more Sub-Classes or Series (as the case

may be) and gives or may give rise to a conflict of interest between the Holders of any such Sub-Classes or Series (as the case may be) of Class A Notes, shall be deemed to have been duly passed only if, in lieu of being passed at a single meeting of the Holders of such two or more Sub-Classes or Series (as the case may be) of Class A Notes, it shall be duly passed at a separate meeting of the Holders of each such Sub-Class or Series (as the case may be) of Class A Notes.

In the case of a single meeting of the Holders of the Class A Notes of any two or more Sub-Classes or Series (as the case may be) which are not all denominated in the same currency, the Principal Amount Outstanding of any Class A Note denominated in a currency other than sterling shall be converted into sterling at the relevant swap rate.

The Trust Deed contains provisions similar to those in the preceding two paragraphs in relation to requests in writing from Class A Noteholders upon which the Note Trustee or, as the case may be, the Master Issuer Security Trustee is bound to act.

(b) *Class B Notes*

In respect of the Class B Notes, the Trust Deed provides that, subject to **Condition 12.2**:

- (i) a resolution which, in the opinion of the Note Trustee, affects the interests of the Holders of the Class B Notes of one Sub-Class or Series (as the case may be) only shall be deemed to have been duly passed if passed at a meeting of the Holders of the Class B Notes of that Sub-Class or Series (as the case may be);
- (ii) a resolution which, in the opinion of the Note Trustee, affects the interests of the Holders of the Class B Notes of any two or more Sub-Classes or Series (as the case may be) but does not give rise to a conflict of interest between the Holders of any such two or more Sub-Classes or Series (as the case may be) of Class B Notes, shall be deemed to have been duly passed if passed at a single meeting of the Holders of such two or more Sub-Classes or Series (as the case may be) of Class B Notes; and
- (iii) a resolution which, in the opinion of the Note Trustee, affects the interests of the Holders of the Class B Notes of any two or more Sub-Classes or Series (as the case may be) and gives or may give rise to a conflict of interest between the Holders of any such Sub-Classes or Series (as the case may be) of Class B Notes, shall be deemed to have been duly passed only if, in lieu of being passed at a single meeting of the Holders of such two or more Sub-Classes or Series (as the case may be) of Class B Notes, it shall be duly passed at a separate meeting of the Holders of each such Sub-Class or Series (as the case may be) of Class B Notes.

In the case of a single meeting of the Holders of the Class B Notes of any two or more Sub-Classes or Series (as the case may be) which are not all denominated in the same currency, the Principal Amount Outstanding of any Class B Note denominated in a currency other than sterling shall be converted into sterling at the relevant swap rate.

The Trust Deed contains provisions similar to those in the preceding two paragraphs in relation to requests in writing from Class B Noteholders upon which the Note Trustee or, as the case may be, the Master Issuer Security Trustee is bound to act.

(c) *Class M Notes*

In respect of the Class M Notes, the Trust Deed provides that, subject to **Condition 12.2**:

- (i) a resolution which, in the opinion of the Note Trustee, affects the interests of the Holders of the Class M Notes of one Sub-Class or Series (as the case may be) only shall be deemed to have been duly passed if passed at a meeting of the Holders of the Class M Notes of that Sub-Class or Series (as the case may be);

- (ii) a resolution which, in the opinion of the Note Trustee, affects the interests of the Holders of the Class M Notes of any two or more Sub-Classes or Series (as the case may be) but does not give rise to a conflict of interest between the Holders of any such two or more Sub-Classes or Series (as the case may be) of Class M Notes, shall be deemed to have been duly passed if passed at a single meeting of the Holders of such two or more Sub-Classes or Series (as the case may be) of Class M Notes; and
- (iii) a resolution which, in the opinion of the Note Trustee, affects the interests of the Holders of the Class M Notes of any two or more Sub-Classes or Series (as the case may be) and gives or may give rise to a conflict of interest between the Holders of any such Sub-Classes or Series (as the case may be) of Class M Notes, shall be deemed to have been duly passed only if, in lieu of being passed at a single meeting of the Holders of such two or more Sub-Classes or Series (as the case may be) of Class M Notes, it shall be duly passed at a separate meeting of the Holders of each such Sub-Class or Series (as the case may be) of Class M Notes.

In the case of a single meeting of the Holders of the Class M Notes of any two or more Sub-Classes or Series (as the case may be) which are not all denominated in the same currency, the Principal Amount Outstanding of any Class M Note denominated in a currency other than sterling shall be converted into sterling at the relevant swap rate.

The Trust Deed contains provisions similar to those in the preceding two paragraphs in relation to requests in writing from Class M Noteholders upon which the Note Trustee or, as the case may be, the Master Issuer Security Trustee is bound to act.

(d) *Class C Notes*

In respect of the Class C Notes, the Trust Deed provides that, subject to **Condition 12.2**:

- (i) a resolution which, in the opinion of the Note Trustee, affects the interests of the Holders of the Class C Notes of one Sub-Class or Series (as the case may be) only shall be deemed to have been duly passed if passed at a meeting of the Holders of the Class C Notes of that Sub-Class or Series (as the case may be);
- (ii) a resolution which, in the opinion of the Note Trustee, affects the interests of the Holders of the Class C Notes of any two or more Sub-Classes or Series (as the case may be), but does not give rise to a conflict of interest between the Holders of any such two or more Sub-Classes or Series (as the case may be) of Class C Notes, shall be deemed to have been duly passed if passed at a single meeting of the Holders of such two or more Sub-Classes or Series (as the case may be) of Class C Notes; and
- (iii) a resolution which, in the opinion of the Note Trustee, affects the interests of the Holders of the Class C Notes of any two or more Sub-Classes or Series (as the case may be) and gives or may give rise to a conflict of interest between the Holders of any such Sub-Classes or Series (as the case may be) of Class C Notes, shall be deemed to have been duly passed only if, in lieu of being passed at a single meeting of the Holders of such two or more Sub-Classes or Series (as the case may be) of Class C Notes, it shall be duly passed at a separate meeting of the Holders of each such Sub-Class or Series (as the case may be) of Class C Notes.

In the case of a single meeting of the Holders of the Class C Notes of any two or more Sub-Classes or Series (as the case may be) which are not all denominated in the same currency, the Principal Amount Outstanding of any Class C Note denominated in a currency other than sterling shall be converted into sterling at the relevant swap rate.

The Trust Deed contains provisions similar to those in the preceding two paragraphs in relation to requests in writing from Class C Noteholders upon which the Note Trustee or, as the case may be, the Master Issuer Security Trustee is bound to act.

(e) *Class Z Notes*

In respect of the Class Z Notes, the Trust Deed provides that, subject to **Condition 12.2**:

- (i) a resolution which, in the opinion of the Note Trustee, affects the interests of the Holders of the Class Z Notes of one Sub-Class or Series (as the case may be) only shall be deemed to have been duly passed if passed at a meeting of the Holders of the Class Z Notes of that Sub-Class or Series (as the case may be);
- (ii) a resolution which, in the opinion of the Note Trustee, affects the interests of the Holders of the Class Z Notes of any two or more Sub-Classes or Series (as the case may be) but does not give rise to a conflict of interest between the Holders of any such two or more Sub-Classes or Series (as the case may be) of Class Z Notes, shall be deemed to have been duly passed if passed at a single meeting of the Holders of such two or more Sub-Classes or Series (as the case may be) of Class Z Notes; and
- (iii) a resolution which, in the opinion of the Note Trustee, affects the interests of the Holders of the Class Z Notes of any two or more Sub-Classes or Series (as the case may be) and gives or may give rise to a conflict of interest between the Holders of any such Sub-Classes or Series (as the case may be) of Class Z Notes, shall be deemed to have been duly passed only if, in lieu of being passed at a single meeting of the Holders of such two or more Sub-Classes or Series (as the case may be) of Class Z Notes, it shall be duly passed at a separate meeting of the Holders of each such Sub-Class or Series (as the case may be) of Class Z Notes.

In the case of a single meeting of the Holders of the Class Z Notes of any two or more Sub-Classes or Series (as the case may be) which are not all denominated in the same currency, the Principal Amount Outstanding of any Class Z Note denominated in a currency other than sterling shall be converted into sterling at the relevant swap rate.

The Trust Deed contains provisions similar to those in the preceding two paragraphs in relation to requests in writing from Class Z Noteholders upon which the Note Trustee or, as the case may be, the Master Issuer Security Trustee is bound to act.

The quorum for any meeting of the Holders of any Series and Class (or Sub-Class) of Master Issuer notes or of any Class of Master Issuer notes of more than one Series convened to consider a resolution (except for the purpose of passing an Extraordinary Resolution or a Programme Resolution) will be one or more persons holding or representing not less than 50 per cent. of the aggregate Principal Amount Outstanding then outstanding of such Series and Class (or Sub-Class) of Master Issuer notes or such Class of Master Issuer notes of more than one Series or, at any adjourned meeting, one or more persons being or representing Noteholders of such Series and Class (or Sub-Class) of Master Issuer notes or such Class of Master Issuer notes of more than one Series, whatever the aggregate Principal Amount Outstanding then outstanding of the relevant Master Issuer notes so held or represented. A **resolution** means a resolution (excluding an Extraordinary Resolution or a Programme Resolution) passed at a meeting of Noteholders duly convened and held in accordance with the provisions of the Trust Deed by a simple majority of the persons voting thereat upon a show of hands or if a poll is duly demanded by a simple majority of the votes cast on such poll.

Subject to the following paragraph, the quorum at any meeting of the Holders of any Series or Class (or Sub-Class) of Master Issuer notes or of any Class of Master Issuer notes of more than one Series of Master Issuer notes convened to consider the passing of an Extraordinary Resolution (including, for the avoidance of doubt, a Programme Resolution (as defined in **Condition 12.2**)) shall (subject as provided below) be one or more persons holding or representing not less than 50 per cent. of the aggregate principal amount outstanding of the Master Issuer notes of the relevant Series and Class (or Sub-Class) or of the Class of Master Issuer notes of more than one Series of Master Issuer notes or, at any adjourned and reconvened meeting, not less than one or more persons being or representing Noteholders whatever the principal amount outstanding of the Master Issuer notes of the relevant Series and Class (or Sub-Class) or of the Class of Master Issuer notes of more than one Series of Master Issuer notes.

The quorum at any meeting of the Holders of any Series and Class (or Sub-Class) of Master Issuer notes or of any Class of Master Issuer notes of more than one Series of Master Issuer notes convened to

consider an Extraordinary Resolution which includes the sanctioning of a modification which would have the effect of altering the amount or timing of payments of principal on the Master Issuer notes of such Series and Class (or Sub-Class) or of such Class or the rate, the day or the timing of payments of interest thereon or of the currency of payment of the Master Issuer notes of such Series and Class (or Sub-Class) or of such Class or altering the priority of payments or altering the quorum or majority required in relation to any resolution (each, a **Basic Terms Modification**, as more fully defined in the Trust Deed), shall be one or more persons holding or representing not less than 75 per cent. of the aggregate Principal Amount Outstanding then outstanding of the Master Issuer notes of the relevant Series and Class (or Sub-Class) or of the Class of Master Issuer notes of more than one Series of Master Issuer notes or, at any adjourned and reconvened meeting, 25 per cent. of the aggregate Principal Amount Outstanding then outstanding of the Master Issuer notes of the relevant Series and Class (or Sub-Class).

An Extraordinary Resolution passed at any meeting of Noteholders shall be binding on all of the Noteholders of the relevant Series and Class (or Sub-Class) or of the Class of Master Issuer notes of more than one Series of Master Issuer notes whether or not they are present or represented at the meeting.

A resolution signed by or on behalf of all the Noteholders of the relevant Series and Class (or Sub-Class) or of the relevant Class of more than one Series of Master Issuer notes who for the time being are entitled to receive notice of a meeting under the Trust Deed shall for all purposes be as valid and effective as an Extraordinary Resolution passed at a meeting of Holders of such Series and Class (or Sub-Class) or of the relevant Class of more than one Series of Master Issuer notes.

Every such meeting shall be held at such time and place as the Note Trustee may appoint or approve, provided that the place shall be a location in the UK (or, if applicable, the European Union). At least 21 days' (and no more than 365 days') notice specifying the place, day and hour of meeting shall be given to the relevant Noteholders prior to any meeting of such Noteholders.

12.2 Programme Resolution

Notwithstanding the provisions of **Condition 12.1**, any Extraordinary Resolution of the Noteholders of any Class to direct the Note Trustee to give a Note Enforcement Notice pursuant to **Condition 10** or take any enforcement action or instruct the Master Issuer Security Trustee to enforce the Master Issuer Security pursuant to **Condition 11** (a **Programme Resolution**) shall only be capable of being passed at a single meeting of the Noteholders of all Series of such Class of Master Issuer notes. The quorum at any such meeting for passing a Programme Resolution shall be one or more persons holding or representing not less than 50 per cent. of the aggregate Principal Amount Outstanding then outstanding of the Master Issuer notes of such Class or, at any adjourned and reconvened meeting, one or more persons being or representing Master Issuer noteholders of such Class of Master Issuer notes, whatever the aggregate Principal Amount Outstanding of such Class of Master Issuer notes so held or represented by them.

A Programme Resolution passed at any meeting of all Series of any Class of Master Issuer notes shall be binding on all Noteholders of all Series of that Class of Master Issuer notes, whether or not they are present or represented at the meeting.

12.3 Limitations on Noteholders

Subject as provided in Condition 12.4:

- (a) an Extraordinary Resolution of the Class A Noteholders of any Series shall be binding on all Class B Noteholders, all Class M Noteholders, all Class C Noteholders and all Class Z Noteholders in each case, of that Series or of any other Series;
- (b) no Extraordinary Resolution of the Class B Noteholders of any Series shall take effect for any purpose while any Class A Notes of that Series or of any other Series remain outstanding unless it shall have been sanctioned by an Extraordinary Resolution of the Class A Noteholders of each Series or the Note Trustee is of the opinion that it would not be materially prejudicial to the interests of the Class A Noteholders of any Series as applicable and subject hereto and to **Condition 12.4**, an Extraordinary Resolution of the Class B Noteholders of any Series will be binding on the Class M Noteholders, the Class C Noteholders and the Class Z Noteholders in each case, of that or any other Series irrespective of the effect upon them;

- (c) no Extraordinary Resolution of the Class M Noteholders of any Series shall take effect for any purpose while any Class A Notes or Class B Notes in each case, of that Series or of any other Series remain outstanding unless it shall have been sanctioned by an Extraordinary Resolution of the Class A Noteholders and an Extraordinary Resolution of the Class B Noteholders, in each case of each Series or the Note Trustee is of the opinion that it would not be materially prejudicial to the respective interests of the Class A Noteholders and/or the Class B Noteholders of any Series (as applicable) and subject hereto and to **Condition 12.4**, an Extraordinary Resolution of the Class M Noteholders of any Series will be binding on the Class C Noteholders and the Class Z Noteholders in each case, of that or of any other Series irrespective of the effect upon them;
- (d) no Extraordinary Resolution of the Class C Noteholders of any Series shall take effect for any purpose while any Class A Notes, Class B Notes or Class M Notes in each case, of that Series or of any other Series remain outstanding unless it shall have been sanctioned by an Extraordinary Resolution of the Class A Noteholders, an Extraordinary Resolution of the Class B Noteholders and an Extraordinary Resolution of the Class M Noteholders, in each case of each Series or the Note Trustee is of the opinion that it would not be materially prejudicial to the respective interests of the Class A Noteholders, the Class B Noteholders and/or the Class M Noteholders of any Series (as applicable) and subject hereto and to **Condition 12.4**, an Extraordinary Resolution of the Class C Noteholders of any Series will be binding on the Class Z Noteholders of that or any other Series irrespective of the effect upon them; and
- (e) no Extraordinary Resolution of Class Z Noteholders of any Series shall take effect for any purpose while any Class A Notes, Class B Notes, Class M Notes or Class C Notes in each case, of that Series or of any other Series remain outstanding unless it shall have been sanctioned by an Extraordinary Resolution of the Class A Noteholders, an Extraordinary Resolution of the Class B Noteholders, an Extraordinary Resolution of the Class M Noteholders and an Extraordinary Resolution of the Class C Noteholders, in each case of each Series or the Note Trustee is of the opinion that it would not be materially prejudicial to the respective interests of the Class A Noteholders, the Class B Noteholders, the Class M Noteholders and/or the Class C Noteholders of any Series (as applicable).

12.4 Approval of Modifications and Waivers by Noteholders

- (a) No Extraordinary Resolution of the Noteholders of any one or more Series of Class A Notes to sanction a modification of, or any waiver or authorisation of any breach or proposed breach of, any of the provisions of the Master Issuer Transaction Documents or the Conditions of the Master Issuer notes shall take effect unless it has been sanctioned by an Extraordinary Resolution of the Class B Noteholders, an Extraordinary Resolution of the Class M Noteholders, an Extraordinary Resolution of the Class C Noteholders and an Extraordinary Resolution of the Class Z Noteholders, in each case of each Series, or the Note Trustee is of the opinion that it would not be materially prejudicial to the respective interests of the Class B Noteholders, the Class M Noteholders, the Class C Noteholders and the Class Z Noteholders of any Series.
- (b) No Extraordinary Resolution of the Noteholders of any one or more Series of Class B Notes to sanction a modification of, or any waiver or authorisation of any breach or proposed breach of, any of the provisions of the Master Issuer Transaction Documents or the Conditions of the Master Issuer notes shall take effect unless it has been sanctioned by an Extraordinary Resolution of the Class M Noteholders, an Extraordinary Resolution of the Class C Noteholders and an Extraordinary Resolution of the Class Z Noteholders, in each case of each Series, or the Note Trustee is of the opinion that it would not be materially prejudicial to the respective interests of the Class M Noteholders, the Class C Noteholders and the Class Z Noteholders of any Series.
- (c) No Extraordinary Resolution of the Noteholders of any one or more Series of Class M Notes to sanction a modification of, or any waiver or authorisation of any breach or proposed breach of, any of the provisions of the Master Issuer Transaction Documents or the Conditions of the Master Issuer notes shall take effect unless it has been sanctioned by an Extraordinary Resolution of the Class C Noteholders and an Extraordinary Resolution of the Class Z Noteholders, in each case of each Series, or the Note Trustee is of the opinion that it would not be materially prejudicial to the respective interests of the Class C Noteholders and the Class Z Noteholders of any Series.

- (d) No Extraordinary Resolution of the Noteholders of any one or more Series of Class C Notes to sanction a modification of, or any waiver or authorisation of any breach or proposed breach of, any of the provisions of the Master Issuer Transaction Documents or the Conditions of the Master Issuer notes shall take effect unless it has been sanctioned by an Extraordinary Resolution of the Class Z Noteholders of each Series, or the Note Trustee is of the opinion that it would not be materially prejudicial to the respective interests of the Class Z Noteholders of any Series.

12.5 Modifications and Determinations by Note Trustee

- (a) Subject as provided in the Trust Deed, the Note Trustee may, without the consent of the Noteholders:
- (i) agree to any modification (other than a Basic Terms Modification) of, or to the waiver or authorisation of any breach or proposed breach of, these Conditions of any Series and Class (or Sub-Class) of Master Issuer notes or any of the Master Issuer Transaction Documents, which is not, in the opinion of the Note Trustee, materially prejudicial to the interests of the Noteholders of any Class of any Series of Master Issuer notes or materially prejudicial to the interests of any of the Master Issuer Swap Providers; or
 - (ii) determine that any Note Event of Default shall not be treated as such provided that it is not in the opinion of the Note Trustee materially prejudicial to the interest of the Holders of the most senior Class of any Series of Master Issuer notes then outstanding; or
 - (iii) agree to any modification (including a Basic Terms Modification) of these Conditions or any of the Master Issuer Transaction Documents which, in the opinion of the Note Trustee, is of a formal, minor or technical nature or is to correct a manifest error or an error established as such to the satisfaction of the Note Trustee or is to comply with the mandatory provisions of law; or
 - (iv) agree to any modification of any of these Conditions or any Master Issuer Transaction Documents as expressly provided for in the Master Issuer Transaction Documents;
- (b) Subject as provided in the Trust Deed, the Note Trustee shall be obliged, without the consent or sanction of the Noteholders, to concur with the Master Issuer, and to direct the Master Issuer Security Trustee and the Security Trustee to concur with the Master Issuer, in making any modification (other than a Basic Terms Modification, provided that a Base Rate Modification (as defined below) shall not constitute a Basic Terms Modification) of these Conditions or any of the Transaction Documents that the Master Issuer (acting on the advice of the Master Issuer Cash Manager) considers necessary for the purpose of changing the base rate (the **Applicable Base Rate**) that then applies in respect of the Floating Rate Master Issuer notes, the Master Issuer Swap Agreements, the Master Issuer Term Advances, in each case, in relation only to Master Issuer notes issued on or after 13 May 2024 and/or the Funding Swaps (such replacement rate, an **Alternative Base Rate**) and making, such other related or consequential amendments as are necessary or advisable in the reasonable judgment of the Master Issuer and/or Funding (in each case, acting on the advice of the Master Issuer Cash Manager) to facilitate such change (a **Base Rate Modification**), provided that, in relation to any such Base Rate Modification:
- (i) the Master Issuer (or the Master Issuer Cash Manager, acting on behalf of the Master Issuer) certifies to the Note Trustee in writing (such certificate, a **Base Rate Modification Certificate**) that such Base Rate Modification is being undertaken due to:
 - (A) a material disruption to the Applicable Base Rate or any other relevant interest rate benchmark, an adverse change in the methodology of calculating such interest rate benchmark or such interest rate benchmark ceasing to exist or be published;
 - (B) the insolvency or cessation of business of the administrator of the Applicable Base Rate or any other relevant interest rate benchmark (in circumstances where no successor administrator has been appointed);
 - (C) a public statement by the administrator of the Applicable Base Rate or any other relevant interest rate benchmark that it has or will cease publishing the relevant

interest rate benchmark permanently or indefinitely (in circumstances where no successor administrator has been appointed) or has or will change such interest rate benchmark in an adverse manner;

- (D) a public statement by the supervisor of the administrator of the Applicable Base Rate or any other relevant interest rate benchmark or the central bank for the currency of the relevant Applicable Base Rate or any other relevant interest rate benchmark that the relevant interest rate benchmark has been or will be permanently or indefinitely discontinued or will be changed in an adverse manner;
 - (E) a public statement by the supervisor of the administrator of the Applicable Base Rate or any other relevant interest rate benchmark or the central bank for the currency of the relevant Applicable Base Rate or any other relevant interest rate benchmark that means the relevant interest rate benchmark may no longer be used or that its use is or will be subject to restrictions or adverse consequences;
 - (F) a public announcement of the permanent or indefinite discontinuation of the relevant screen rate or base rate that applies to the Floating Rate Master Issuer notes at such time;
 - (G) it becoming unlawful for any Paying Agent, the Agent Bank, any calculation agent, the Master Issuer or the Master Issuer Cash Manager to calculate any payments due to be made to any Noteholder or any party to the Transaction Documents using the Applicable Base Rate; or
 - (H) the reasonable expectation of the Master Issuer (or the Master Issuer Cash Manager, acting on behalf of the Master Issuer) that any of the events specified in paragraphs (A) to (G) above will occur or exist within six months of the proposed effective date of such Base Rate Modification;
- (ii) such Alternative Base Rate is either:
- (A) a base rate published, endorsed, approved or recognised by the Federal Reserve, the Bank of England or the European Central Bank, any regulator in the United States, the United Kingdom or the European Union (as the case may be) or any stock exchange on which the Master Issuer notes are listed (or any relevant committee or other body established, sponsored or approved by any of the foregoing); or
 - (B) a base rate that has replaced the Applicable Base Rate or any other relevant interest rate benchmark in customary market usage in the international debt capital markets for the purposes of determining floating rates of interest (or the relevant component part thereof) denominated in the Specified Currency in respect of notes, bonds or securities and with an interest period of a comparable duration to the relevant Interest Periods or if the Master Issuer (acting in good faith and in a commercially reasonable manner) determines that there is no such rate, such other rate as the Master Issuer (acting in a good faith and in a commercially reasonable manner) determines in its sole discretion is most comparable to the relevant Applicable Base Rate or any other relevant interest rate benchmark;
- (iii) each of the Rating Agencies confirms in writing to the Master Issuer (copied to the Note Trustee) that the then current ratings of any Rated Notes will not be downgraded, withdrawn or qualified as a result of such Base Rate Modification (it being acknowledged that none of the Rating Agencies has any obligation to provide such confirmation at any time and that the confirmation of one of the Rating Agencies may be sufficient for that purpose; provided that (i) a written request for confirmation or response has been delivered to each Rating Agency by or on behalf of the Master Issuer (copied to the Note Trustee) and (ii) one or more Rating Agencies either (x) indicates it does not consider such confirmation or response necessary, or (y) provides no confirmation or response within a reasonable timeframe)); and

- (iv) the Seller or the Master Issuer pays all fees, costs and expenses (including legal fees) properly incurred by the Master Issuer, the Note Trustee and or any other Transaction Party in connection with such Base Rate Modification,

provided that:

- (x) at least 35 calendar days' prior written notice of any such proposed Base Rate Modification has been given to the Note Trustee;
- (y) the Base Rate Modification Certificate in relation to such Base Rate Modification shall be provided to the Note Trustee both at the time the Note Trustee is notified of the proposed Base Rate Modification and on the date that such Base Rate Modification takes effect; and
- (z) the Master Issuer Cash Manager, acting on behalf of the Master Issuer, certifies in writing to the Note Trustee (which certification may be in the Base Rate Modification Certificate) that the Master Issuer has provided at least 30 calendar days' notice to the Noteholders of the proposed Base Rate Modification in accordance with Condition 12.10 (Notice to Noteholders) and Noteholders representing at least 10 per cent. of the Aggregate Principal Amount Outstanding of the most senior Class of Floating Rate Master Issuer notes then outstanding have not contacted the Master Issuer or the Principal Paying Agent (acting on behalf of the Master Issuer) in writing (or otherwise in accordance with the then current practice of any applicable clearing system through which such Floating Rate Master Issuer notes may be held) within such notification period notifying the Master Issuer or the Principal Paying Agent (acting on behalf of the Master Issuer) that such Noteholders do not consent to the Base Rate Modification.

If Noteholders representing at least 10 per cent. of the Aggregate Principal Amount Outstanding of the most senior Class of Floating Rate Master Issuer notes then outstanding have notified the Master Issuer or the Principal Paying Agent (acting on behalf of the Master Issuer) in writing (or otherwise in accordance with the then current practice of any applicable clearing system through which such Floating Rate Master Issuer notes may be held) within the notification period referred to above that they do not consent to the Base Rate Modification, then such Base Rate Modification will not be made unless an Extraordinary Resolution of the Noteholders of the most senior Class of Floating Rate Master Issuer notes then outstanding is passed in favour of such Base Rate Modification in accordance with this Condition 12.

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

Nothing in this paragraph (b) affects the rights of the Noteholders of Master Issuer notes issued prior to 13 May 2024 in relation to amendments to the Funding Swaps.

Notwithstanding anything to the contrary in this Condition 12 or any Transaction Document, when implementing any Base Rate Modification pursuant to this Condition 12.5(b):

- (1) the Note Trustee shall not consider the interests of the Noteholders, any other Secured Creditor or any other person and shall act and rely solely, and without further enquiry or liability, on any certificate (including any Base Rate Modification Certificate) or evidence provided to it by the Master Issuer or the Master Issuer Cash Manager acting on behalf of the Master Issuer 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 Base Rate Modification is or may be materially prejudicial to the interests of any such person; and
- (2) the Note Trustee shall not be obliged to agree to any modification which, in the sole opinion of the Note Trustee, would have the effect of (i) exposing the Note Trustee to any liability against which it has not been indemnified and/or secured and/or pre-funded to its satisfaction

and/or (ii) increasing the obligations or duties, or decreasing the rights or protections, of the Note Trustee in the Master Issuer Transaction Documents and/or these Conditions.

For the avoidance of doubt, the Master Issuer (or the Master Issuer Cash Manager, acting on behalf of the Master Issuer) may propose an Alternative Base Rate on more than one occasion provided that the conditions set out in this Condition 12.5(b) are satisfied.

Effect of Benchmark Transition Event on SOFR linked Floating Rate Master Issuer notes

Notwithstanding the provisions of Condition 5.2(b)(ii) (*Interest on Floating Rate Master Issuer notes—Rate of interest—Screen rate determination for Floating Rate Master Issuer notes*) and Condition 12.5(b) (*Modifications and Determinations by Note Trustee*), if the Designated Transaction Representative determines on or prior to the relevant Interest Determination Date that a Benchmark Transition Event has occurred with respect to SOFR, then the Note Trustee shall be obliged, without the consent or sanction of the Noteholders (including without the requirement to provide to noteholders an opportunity to object) or any confirmation from any Rating Agencies, to concur with the Designated Transaction Representative, and to direct the Master Issuer Security Trustee and the Security Trustee to concur with the Designated Transaction Representative, in making any modification (other than a Basic Terms Modification, provided that neither replacing the then-current Benchmark with the Benchmark Replacement nor any Benchmark Replacement Conforming Changes (each as defined below) shall constitute Basic Terms Modifications) of these Conditions or any of the Transaction Documents solely with respect to any U.S. dollar denominated Floating Rate Master Issuer notes calculated by reference to SOFR and issued on or after 13 May 2024 that the Designated Transaction Representative decides may be appropriate to give effect to the provisions set forth under this section titled “*Effect of Benchmark Transition Event on SOFR linked Floating Rate Master Issuer notes*” in relation only to all determinations of the rate of interest payable on any U.S. dollar denominated Floating Rate Master Issuer notes calculated by reference to SOFR (and any related swap agreements) and issued on or after 13 May 2024:

- I. If the Designated Transaction Representative determines that a Benchmark Transition Event and its related Benchmark Replacement Date have occurred prior to the Reference Time in respect of any determination of the Benchmark on any date applicable to any SOFR linked U.S. dollar denominated Floating Rate Master Issuer notes, the Benchmark Replacement will replace the then-current Benchmark for all purposes relating to any SOFR linked U.S. dollar denominated Floating Rate Master Issuer notes in respect of such determination on such date and all determinations on all subsequent dates.
- II. In connection with the implementation of a Benchmark Replacement with respect to any SOFR linked U.S. dollar denominated Floating Rate Master Issuer notes, the Designated Transaction Representative will have the right to make Benchmark Replacement Conforming Changes with respect to any SOFR linked U.S. dollar denominated Floating Rate Master Issuer notes from time to time.
- III. Any determination, decision or election that may be made by the Designated Transaction Representative pursuant to this section titled “*Effect of Benchmark Transition Event SOFR linked Floating Rate Master Issuer notes*”, including any determination with respect to a tenor, rate or adjustment or of the occurrence or non-occurrence of an event, circumstance or date and any decision to take or refrain from taking any action or any selection, in each case, solely with respect to any SOFR linked U.S. dollar denominated Floating Rate Master Issuer notes, will be conclusive and binding absent manifest error, may be made in the Designated Transaction Representative’s sole discretion, and, notwithstanding anything to the contrary in the documentation relating to any SOFR linked U.S. dollar denominated Floating Rate Master Issuer notes, shall become effective without consent, sanction or absence of objection from any other party (including Noteholders).
- IV. The following definitions shall apply to this section titled “*Effect of Benchmark Transition Event SOFR linked Floating Rate Master Issuer notes*”:

Benchmark means, initially, SOFR; provided that if a Benchmark Transition Event and its related Benchmark Replacement Date have occurred with respect to SOFR, or the then-current Benchmark, then “Benchmark” means the applicable Benchmark Replacement.

Benchmark Replacement means the first alternative set forth in the order below that can be determined by the Designated Transaction Representative as of the Benchmark Replacement Date:

- (1) the sum of: (a) the alternate rate of interest that has been selected or recommended by the Relevant Governmental Body as the replacement for the then-current Benchmark for the applicable Corresponding Tenor and (b) the Benchmark Replacement Adjustment;
- (2) the sum of: (a) the ISDA Fallback Rate and (b) the Benchmark Replacement Adjustment;
- (3) the sum of: (a) the alternate rate of interest that has been selected by the Designated Transaction Representative as the replacement for the then-current Benchmark for the applicable Corresponding Tenor giving due consideration to any industry-accepted rate of interest as a replacement for the then-current Benchmark for any SOFR linked U.S. dollar denominated Floating Rate Master Issuer notes, at such time and (b) the Benchmark Replacement Adjustment.

Benchmark Replacement Adjustment means the first alternative set forth in the order below that can be determined by the Designated Transaction Representative as of the Benchmark Replacement Date:

- (1) the spread adjustment, or method for calculating or determining such spread adjustment, (which may be a positive or negative value or zero) that has been selected, endorsed or recommended by the Relevant Governmental Body for the applicable Unadjusted Benchmark Replacement;
- (2) if the applicable Unadjusted Benchmark Replacement is equivalent to the ISDA Fallback Rate, then the ISDA Fallback Adjustment;
- (3) the spread adjustment (which may be a positive or negative value or zero) that has been selected by the Designated Transaction Representative giving due consideration to any industry-accepted spread adjustment, or method for calculating or determining such spread adjustment, for the replacement of the then-current Benchmark with the applicable Unadjusted Benchmark Replacement for any SOFR linked U.S. dollar denominated Floating Rate Master Issuer notes at such time.

Benchmark Replacement Conforming Changes means, with respect to any Benchmark Replacement, any technical, administrative or operational changes with respect to any SOFR linked U.S. dollar denominated Floating Rate Master Issuer notes (including changes to the definition of "Interest Period", timing and frequency of determining rates and making payments of interest, changes to the definition of "Corresponding Tenor" solely when such tenor is longer than the Interest Period and other administrative matters) and any related swap agreements that the Designated Transaction Representative decides may be appropriate to reflect the adoption of such Benchmark Replacement with respect to any SOFR linked U.S. dollar denominated Floating Rate Master Issuer notes in a manner substantially consistent with market practice (or, if the Designated Transaction Representative decides that adoption of any portion of such market practice is not administratively feasible or if the Designated Transaction Representative determines that no market practice for use of the Benchmark Replacement exists, in such other manner as the Designated Transaction Representative determines is reasonably necessary).

Benchmark Replacement Date means:

- (1) in the case of paragraph (1) or (2) of the definition of "Benchmark Transition Event," the later of (a) the date of the public statement or publication of information referenced therein and (b) the date on which the administrator of the relevant Benchmark permanently or indefinitely ceases to provide such Benchmark, or

- (2) in the case of paragraph (3) of the definition of “Benchmark Transition Event,” the date of the public statement or publication of information;

provided, however, that on or after the 60th day preceding the date on which such Benchmark Replacement Date would otherwise occur (if applicable), the Designated Transaction Representative may give written notice to holders of any SOFR linked U.S. dollar denominated Floating Rate Master Issuer notes in which the Designated Transaction Representative designates an earlier date (but not earlier than the 30th day following such notice) and represents that such earlier date will facilitate an orderly transition of any SOFR linked U.S. dollar denominated Floating Rate Master Issuer notes to the Benchmark Replacement, in which case such earlier date shall be the Benchmark Replacement Date.

For the avoidance of doubt, if the event giving rise to the Benchmark Replacement Date occurs on the same day as, but earlier than, the Reference Time in respect of any determination, the Benchmark Replacement Date will be deemed to have occurred prior to the Reference Time for such determination.

Benchmark Transition Event means the occurrence of one or more of the following events with respect to the then-current Benchmark (including any daily published component used in the calculation thereof):

- (1) a public statement or publication of information by or on behalf of the administrator of the Benchmark announcing that the administrator has ceased or will cease to provide the Benchmark permanently or indefinitely, provided that, at the time of such statement or publication, there is no successor administrator that will continue to provide the Benchmark;
- (2) a public statement or publication of information by the regulatory supervisor for the administrator of the Benchmark, the central bank for the currency of the Benchmark, an insolvency official with jurisdiction over the administrator for the Benchmark, a resolution authority with jurisdiction over the administrator for the Benchmark or a court or an entity with similar insolvency or resolution authority over the administrator for the Benchmark, which states that the administrator of the Benchmark has ceased or will cease to provide the Benchmark permanently or indefinitely, provided that, at the time of such statement or publication, there is no successor administrator that will continue to provide the Benchmark; or
- (3) a public statement or publication of information by the regulatory supervisor for the administrator of the Benchmark announcing that the Benchmark is no longer representative.

Compounded SOFR means, for purposes of determining a replacement benchmark pursuant to this section titled “*Effect of Benchmark Transition Event on SOFR linked Floating Rate Master Issuer notes*”, the compounded average of SOFRs for the applicable Corresponding Tenor, with the rate, or methodology for this rate, and conventions for this rate (which, for example, may be compounded in arrears with a lookback and/or suspension period as a mechanism to determine the interest amount payable prior to the end of each Interest Period or compounded in advance) being established by the Designated Transaction Representative in accordance with:

- (1) the rate, or methodology for this rate, and conventions for this rate selected or recommended by the Relevant Governmental Body for determining compounded SOFR; provided that:
- (2) if, and to the extent that, the Designated Transaction Representative determines that Compounded SOFR cannot be determined in accordance with paragraph (1) above, then the rate, or methodology for this rate, and conventions for this rate that have been selected by the Designated Transaction Representative giving due consideration to any industry-

accepted market practice for similar U.S. dollar denominated securitisation transactions at such time.

Corresponding Tenor with respect to a Benchmark Replacement means a tenor (including overnight) having approximately the same length (disregarding business day adjustment) as the applicable tenor for the then-current Benchmark.

Designated Transaction Representative means, with respect to any SOFR linked U.S. dollar denominated Floating Rate Master Issuer notes and a particular obligation to be performed in connection with the transition to a Benchmark Replacement, the Master Issuer (acting on the advice of the Master Issuer Cash Manager).

Federal Reserve Bank of New York's Website means the website of the Federal Reserve Bank of New York at <http://www.newyorkfed.org>, or any successor source (for the avoidance of doubt, this website (and/or any successor source) and the contents thereof do not form part of this supplement).

Interpolated Benchmark with respect to the Benchmark, means the rate determined for the Corresponding Tenor by interpolating on a linear basis between: (1) the Benchmark for the longest period (for which the Benchmark is available) that is shorter than the Corresponding Tenor and (2) the Benchmark for the shortest period (for which the Benchmark is available) that is longer than the Corresponding Tenor.

ISDA Definitions means the 2006 ISDA Definitions published by the International Swaps and Derivatives Association, Inc. or any successor thereto, as amended or supplemented from time to time, or any successor definitional booklet for interest rate derivatives published from time to time.

ISDA Fallback Adjustment means the spread adjustment, (which may be a positive or negative value or zero) that would apply for derivatives transactions referencing the ISDA Definitions to be determined upon the occurrence of an index cessation event with respect to the Benchmark for the applicable tenor.

ISDA Fallback Rate means the rate that would apply for derivatives transactions referencing the ISDA Definitions to be effective upon the occurrence of an index cessation date with respect to the Benchmark for the applicable tenor excluding the applicable ISDA Fallback Adjustment.

Reference Time with respect to any determination of the Benchmark means (1) if the Benchmark is SOFR, 3:00 p.m. (London time) on the day that is two London business days preceding the date of such determination, and (2) if the Benchmark is not SOFR, the time determined by the Designated Transaction Representative in accordance with the Benchmark Replacement Conforming Changes.

Relevant Governmental Body means the Federal Reserve Board and/or the Federal Reserve Bank of New York, or a committee officially endorsed or convened by the Federal Reserve Board and/or the Federal Reserve Bank of New York or any successor thereto.

SOFR with respect to any day means the secured overnight financing rate published for such day by the Federal Reserve Bank of New York, as the administrator of the benchmark, (or a successor administrator) on the Federal Reserve Bank of New York's Website.

Term SOFR means the forward-looking term rate for the applicable Corresponding Tenor based on SOFR that has been selected or recommended by the Relevant Governmental Body.

Unadjusted Benchmark Replacement means the Benchmark Replacement excluding the applicable Benchmark Replacement Adjustment.

- V. To the extent that there is any inconsistency between the conditions set out in this section titled "*Effect of Benchmark Transition Event on SOFR linked Floating Rate Master Issuer notes*" and any other Condition, the statements in this section shall prevail with respect to any SOFR linked U.S. dollar denominated Floating Rate Master Issuer notes.

- VI. Nothing in this section titled “*Effect of Benchmark Transition Event on SOFR linked Floating Rate Master Issuer notes*” affects the rights of the Noteholders of Master Issuer notes other than any SOFR linked U.S. dollar denominated Floating Rate Master Issuer notes.
- VII. Notwithstanding anything to the contrary in this section titled “*Effect of Benchmark Transition Event on SOFR linked Floating Rate Master Issuer notes*” or any Transaction Document, when implementing any replacement of the then-current Benchmark with the Benchmark Replacement or any Benchmark Replacement Conforming Changes pursuant to this section:
- a. the Note Trustee shall not consider the interests of the Noteholders, any other Secured Creditor or any other person and shall act and rely solely, and without further enquiry or liability, on any certificate or evidence provided to it (including but not limited to any certificate which is required to be provided pursuant to the Trust Deed) by the Master Issuer or the Master Issuer Cash Manager acting on behalf of the Master Issuer 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 replacement of the then-current Benchmark with the Benchmark Replacement or any Benchmark Replacement Conforming Changes is or may be materially prejudicial to the interests of any such person; and
 - b. the Note Trustee shall not be obliged to agree to any modification which, in the sole opinion of the Note Trustee, would have the effect of (i) exposing the Note Trustee to any liability against which it has not been indemnified and/or secured and/or pre-funded to its satisfaction and/or (ii) increasing the obligations or duties, or decreasing the rights or protections, of the Note Trustee in the Master Issuer Transaction Documents and/or these Conditions.
- VIII. For the avoidance of doubt, the Master Issuer (or the Master Issuer Cash Manager, acting on behalf of the Master Issuer) may propose that a Benchmark Replacement replace the then-current Benchmark and any Benchmark Replacement Conforming Changes on more than one occasion provided that the conditions set out in this section titled “*Effect of Benchmark Transition Event on SOFR linked Floating Rate Master Issuer notes*” are satisfied.
- (c) Without prejudice to (i) Clauses 19.1, 19.2, 19.3 and 19.4 of the Trust Deed and (ii) Clause 25.8 of the Funding Deed of Charge, subject to Clause 19.5(b) of the Trust Deed, the Note Trustee shall, without the consent of any holders of any Series or Class of Notes, be required to give its consent to any modifications to any Funding Agreement or the Master Definitions and Construction Schedule that are requested by Funding or the Cash Manager, provided that Funding or the Cash Manager, as the case may be, has certified to the Note Trustee in writing that such modifications are required in order to accommodate:
- (i) Master Issuer notes to be issued and/or Master Issuer Term Advances to be made available by the Master Issuer to Funding under the Master Intercompany Loan Agreement;
 - (ii) the entry by Funding into New Intercompany Loan Agreements, the issue of new types of notes by New Issuers or the issue of notes by Funding directly;
 - (iii) the addition of other relevant Funding Secured Creditors to the Transaction Documents;
 - (iv) the assignment of New Loans or their Related Security to the Mortgages Trustee;
 - (v) amendments to the representations and warranties set out in Schedule 1 of the Mortgage Sale Agreement;
 - (vi) changes to the Funding Reserve Fund Required Amount, the Funding Liquidity Reserve Required Amount and/or the manner in which the Funding Reserve Fund or the Funding Liquidity Reserve Fund is funded;

- (vii) different Interest Payment Dates and/or Interest Periods for any Master Issuer notes to be issued by the Master Issuer (including modification of the Interest Payment Dates and/or Interest Periods and/or the basis for the calculation of interest in respect of any outstanding Master Issuer notes) and/or different Interest Payment Dates and/or Interest Periods (including modification of the basis for the calculation of interest) in respect of any outstanding Master Issuer Term Advances under the Master Intercompany Loan Agreement, and consequential modifications in respect of (i) the amounts payable under, the rates for calculating the amounts payable under and the periods for payment and the dates for payment under the Funding Swap Agreements and (ii) the amounts payable under, the rates for calculating the amounts payable under and the periods for payment under and the dates for payment under the Master Issuer Swap Agreements; and/or
- (viii) compliance by the Master Issuer, with respect only to Master Issuer notes issued on or after 27 August 2013, with any requirements which apply to it under European Regulation 648/2012 of 4 July 2012, known as the European Market Infrastructure Regulation (**EU EMIR**) and Regulation 348/2012 of the European Parliament and Council on OTC derivatives, central counterparties and trade repositories dated 4 July 2012, as it forms part of UK domestic law by virtue of the EUWA (**UK EMIR**) and which accordingly will be mandatory under EU EMIR and/or UK EMIR irrespective of whether such modifications are materially prejudicial to the interests of the Noteholders of any Series or Class of Notes or any other Master Issuer Secured Creditor and provided such modifications do not relate to a Basic Terms Modification. The Note Trustee shall not be obliged to agree to any modification pursuant to this Condition 12.5(c)(viii) which (in the sole opinion of the Note Trustee) would have the effect of (a) exposing the Note Trustee to any liability against which it has not been indemnified and/or secured and/or pre-funded to its satisfaction; and/or (b) increasing the obligations or duties, or decreasing the protections of the Note Trustee in the Transaction Documents and/or the Conditions of the Master Issuer notes. The Noteholders and the Master Issuer Secured Creditors shall be deemed to have instructed the Note Trustee to concur with such EMIR amendments and shall be bound by them regardless of whether they are materially prejudicial to their interests.

Any modification, waiver, authorisation or determination made pursuant to this Condition 12.5 shall be binding on the Noteholders and, unless the Note Trustee agrees otherwise, any such modification shall be notified to the Noteholders and the Rating Agencies in accordance with **Condition 12.10** as soon as practicable thereafter.

12.6 Redenomination

The Note Trustee may agree, without the consent of the Holders of the Sterling Notes on or after the Specified Date (as defined below), to such modifications to the Sterling Notes and the Trust Deed in respect of redenomination of such Sterling Notes in euro and associated reconventioning, renominatisation and related matters in respect of such Sterling Notes as may be proposed by the Master Issuer (and confirmed by an independent financial institution approved by the Note Trustee to be in conformity with then applicable market conventions) and to provide for redemption at the euro equivalent of the sterling principal amount of the Sterling Notes. For these purposes, **Specified Date** means the date on which the United Kingdom participates in the third stage of European economic and monetary union pursuant to the Treaty establishing the European Community, as amended by the Treaty on European Union, or otherwise participates in European economic and monetary union in a manner with an effect similar to such third stage.

Any such modification shall be binding on the Holders of the Sterling Notes and, unless the Note Trustee agrees otherwise, any such modification shall be notified to such Noteholders in accordance with **Condition 12.10** as soon as practicable thereafter.

12.7 Exercise of Note Trustee's or Master Issuer Security Trustee's Functions

Where the Note Trustee or the Master Issuer Security Trustee is required, in connection with the exercise of its powers, trusts, authorities, duties and discretions under these Conditions or any Transaction Document, to have regard to the interests of the Noteholders of any Class, it shall have regard to the interests of such Noteholders as a class and, in particular but without prejudice to the generality of the foregoing, neither the Note Trustee nor the Master Issuer Security Trustee shall have regard to, or be in any way liable for, the consequences of such exercise for individual Noteholders resulting from their being for any purpose domiciled

or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory. In connection with any such exercise, neither the Note Trustee nor the Master Issuer Security Trustee shall be entitled to require, and no Noteholder shall be entitled to claim, from the Master Issuer or any other person, any indemnification or payment in respect of any tax consequence of any such exercise upon individual Noteholders.

12.8 Indemnification of the Note Trustee and the Master Issuer Security Trustee

The Trust Deed and the Master Issuer Deed of Charge set out certain provisions for the benefit of the Note Trustee and the Master Issuer Security Trustee. The following is a summary of such provisions and is subject to the more detailed provisions of the Trust Deed and the Master Issuer Deed of Charge.

The Master Issuer Transaction Documents contain provisions governing the responsibility (and relief from responsibility) of the Note Trustee and the Master Issuer Security Trustee, respectively, and providing for its indemnification in certain circumstances, including, among others, provisions relieving the Master Issuer Security Trustee from taking enforcement proceedings or enforcing the Master Issuer Security unless indemnified and/or secured and/or pre-funded to its satisfaction.

The Note Trustee and the Master Issuer Security Trustee and their related companies are entitled to enter into business transactions with the Master Issuer, the Master Issuer Cash Manager and/or the related companies of any of them and to act as note trustee or security trustee, for the holders of any new notes and/or any other person who is a party to any Master Issuer Transaction Document or whose obligations are comprised in the Master Issuer Security and/or any of their subsidiary or associated companies without accounting for any profit resulting therefrom.

Neither the Note Trustee nor the Master Issuer Security Trustee will be responsible for any loss, expense or liability which may be suffered as a result of any assets comprised in the Master Issuer Security, or any deeds or documents of title thereto, being uninsured or inadequately insured or being held by clearing organisations or their operators or by intermediaries such as banks, brokers or other similar persons on behalf of the Note Trustee and/or the Master Issuer Security Trustee, as applicable.

Furthermore, the Note Trustee and the Master Issuer Security Trustee will be relieved of liability for making searches or other inquiries in relation to the assets comprising the Master Issuer Security. The Note Trustee and the Master Issuer Security Trustee do not have any responsibility in relation to the legality and the enforceability of the trust arrangements, the related Master Issuer Security and the Transaction Documents. Neither the Note Trustee nor the Master Issuer Security Trustee will be obliged to take any action that might result in its incurring personal liabilities. Neither the Note Trustee nor the Master Issuer Security Trustee is obliged to monitor or investigate the performance of any other person under the Master Issuer Transaction Documents and is entitled to assume, until it has actual knowledge to the contrary, that all such persons are properly performing their duties, unless it receives express notice to the contrary.

Neither the Note Trustee nor the Master Issuer Security Trustee will be responsible for any deficiency that may arise because it is liable to tax in respect of the proceeds of any Master Issuer Security.

12.9 Replacement of Master Issuer notes

If Definitive Notes are lost, stolen, mutilated, defaced or destroyed, the Noteholder can replace them at the Specified Office of any Paying Agent subject to all applicable laws and stock exchange requirements. The Noteholder will be required both to pay the expenses of producing a replacement and to comply with the Master Issuer's, the Registrar's and the Paying Agent's reasonable requests for evidence and indemnity.

If a Global Note is lost, stolen, mutilated, defaced or destroyed, the Master Issuer will deliver a replacement Global Note to the registered holder upon receipt of satisfactory evidence and surrender of any defaced or mutilated Global Note. A replacement will only be made upon payment of the expenses for a replacement and compliance with the Master Issuer's, Registrar's and Paying Agents' reasonable requests as to evidence and indemnity.

Defaced or mutilated Master Issuer notes must be surrendered before replacements will be issued.

12.10 Notice to Noteholders

(a) Publication of Notice

Any notice to Noteholders shall be validly given if such notice is:

- (i) published on the Relevant Screen; and
- (ii) for so long as the Master Issuer notes are admitted to trading on the main market of the London Stock Exchange and listed on the Official List of the Financial Conduct Authority, (A) published by delivery to the applicable clearing system, or (B) any notice shall also be published in accordance with the relevant listing rules and regulations.

(b) Date of Publication

Any notices so published shall be deemed to have been given on the fourth day after the date of posting, or as the case may be, on the date of such publication or, if published more than once 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 on which) publication is required, or, in the case of notices provided pursuant to **Condition 12.10(a)** above, on the same day that such notice was delivered.

(c) Global Notes

While the Master Issuer notes are represented by Global Notes, any notice to Noteholders will be valid if such notice is provided in accordance with **Condition 12.10(a)** or (at the option of the Master Issuer) if delivered to DTC (in the case of any Master Issuer notes cleared through DTC) or to Euroclear and/or Clearstream, Luxembourg (in the case of the Master Issuer notes cleared through Euroclear and/or Clearstream, Luxembourg) or (if specified in the applicable Final Terms) if delivered through an **Alternative Clearing System** specified therein. Any notice delivered to the DTC, Euroclear and/or Clearstream, Luxembourg and/or such Alternative Clearing System will be deemed to be given on the next day after such delivery.

(d) 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 any Series or Class or category of them having regard to market practice then prevailing and to the requirements of the stock exchanges on which the Master Issuer notes are then admitted for trading and provided that notice of such other method is given to the Noteholders in such manner as the Note Trustee shall require.

13. Further Master Issuer notes

13.1 Issuance of Further Master Issuer notes

In respect of Master Issuer notes issued after 27 June 2012, the Master Issuer may, without the consent of the Noteholders, raise further funds, from time to time, on any date by the creation and issue of further Master Issuer notes (**Further Master Issuer notes**) carrying the same terms and conditions in all respects (or in all respects except for the Interest Commencement Date) as, and so that the same shall be consolidated and form a single series and rank *pari passu* with the relevant class of the Master Issuer notes provided that:

- (a) the issuance tests have been satisfied (including written confirmation from S&P, Fitch and Moody's that the then current rating of the Rated Master Issuer notes outstanding as of that time will not be reduced, withdrawn or qualified because of the new issue) as described in Clause 2.7 of the Trust Deed and the other Transaction Documents;
- (b) the aggregate principal amount of all Further Master Issuer notes to be issued on such date is not less than £10,000,000 (or an equivalent amount in any other currency when converted at the applicable exchange rate);

- (c) any Further Master Issuer notes which are assigned a rating are assigned the same ratings as are then applicable to the class of Master Issuer notes with which they are to be consolidated and form a single series; and
- (d) an amount equal to the aggregate principal amount of such Further Master Issuer notes will be on-lent by the Master Issuer to Funding.

13.2 Rating Agency Removal

If any Series of Master Issuer notes ceases to be rated by any one of the Rating Agencies (a **Removed Rating Agency**), for so long as such Series of Master Issuer notes remains rated by two Rating Agencies, the related ratings criteria, rating tests, rating triggers and any and all requirements specified by and/or relating to such Removed Rating Agency (including, but not limited to, those specified in the Transaction Documents) shall be deemed to be disapplied until such time that such Removed Rating Agency is reappointed as a Rating Agency in respect of such Series of Master Issuer notes.

13.3 Governing Law and Jurisdiction

The Master Issuer Transaction Documents and the Master Issuer notes (and any non-contractual obligations arising out of or in connection with such documents or such notes, as the case may be) are and will be governed by English law unless specifically stated to the contrary. Certain provisions in the Master Issuer Transaction Documents relating to property situated in Scotland are governed by Scots law. Unless specifically stated to the contrary:

- (a) the courts of England are to have non-exclusive jurisdiction to settle any disputes which may arise out of or in connection with the Master Issuer notes and the Master Issuer Transaction Documents (including any claims or disputes relating to any non-contractual obligations arising out of or in connection with such Transaction Documents or Master Issuer notes, as the case may be); and
- (b) the Master Issuer and the other parties to the Master Issuer Transaction Documents irrevocably submit to the non-exclusive jurisdiction of the courts of England.

13.4 Contracts (Rights of Third Parties) Act 1999

No person shall have any right to enforce any term or condition of the Master Issuer notes under the Contracts (Rights of Third Parties) Act 1999, but this shall not affect any right or remedy of a third party which exists or is available apart from that Act.

13.5 Definitions

Unless otherwise defined in these Conditions or unless the context otherwise requires, in these Conditions the following words shall have the following meanings and any other capitalised terms used in these Conditions shall have the meanings ascribed to them in the Master Issuer Master Definitions and Construction Schedule:

€STR means the Euro Short-Term Rate;

€STR Administrator has the meaning given to it in **Condition 5.2(b)** (*Screen rate determination for Floating Rate Master Issuer notes*);

€STR Index has the meaning given to it in **Condition 5.2(b)** (*Screen rate determination for Floating Rate Master Issuer notes*);

A Term Advances means the Term Advances made by the Master Issuer to Funding under the Master Intercompany Loan Agreement from the proceeds of issue of the Class M Notes of any Series;

AA Term Advances means the Term Advances made by the Master Issuer to Funding under the Master Intercompany Loan Agreement from the proceeds of issue of the Class B Notes of any Series;

AAA Term Advances means the Term Advances made by the Master Issuer to Funding under the Master Intercompany Loan Agreement from the proceeds of issue of the Class A Notes of any Series;

Accession Agreement means, in respect of the Master Issuer Master Definitions and Construction Schedule (as defined below) an agreement pursuant to which a company agrees to become a party to the Master Issuer Master Definitions and Construction Schedule;

Account Bank A means the bank at which the Funding Transaction Account is maintained from time to time, being, as at the date hereof, The Bank of New York Mellon, acting through its London Branch and thereafter such other authorised entity as Funding may choose with the prior written approval of the Security Trustee;

Account Bank B means the bank at which the Funding GIC Account and the Mortgages Trustee GIC Account are maintained from time to time, being, as at the date hereof, Santander UK acting through its office at 2 Triton Square, Regent's Place, London NW1 3AN and thereafter such other authorised entity as Funding may choose with the prior written approval of the Security Trustee or as the Mortgages Trustee may choose with the prior written consent of the Beneficiaries;

Accrual Yield means, in respect of any Series and Class (or Sub-Class) of Master Issuer notes, the yield specified as such for such Notes in the relevant Final Terms;

Additional Business Centre means, in respect of any Series and Class (or Sub-Class) of Master Issuer notes, each place specified as such for such Notes in the relevant Final Terms;

Agents means the Paying Agents, the Transfer Agent, the Registrar and the Agent Bank;

Agent Bank means The Bank of New York Mellon, acting through its London branch, in its capacity as agent bank at its Specified Office or such other person for the time being acting as agent bank under the Paying Agent and Agent Bank Agreement;

Available Principal Receipts means the amount of Master Issuer Principal Receipts allocable to the Money Market Notes on each Interest Payment Date that is a Transfer Date;

Base Prospectus means the base prospectus of the Master Issuer from time to time;

BBB Term Advances means the Term Advances made by the Master Issuer to Funding under the Master Intercompany Loan Agreement from the proceeds of issue of the Class C Notes of any Series;

Broken Amount means, in respect of any Series and Class (or Sub-Class) of Master Issuer notes, the amount specified as such (if any) for such notes in the relevant Final Terms;

Bullet Redemption Notes means any Series and Class (or Sub-Class) of Master Issuer notes which is scheduled to be repaid in full on one Interest Payment Date;

Business Day has the meaning set forth in **Condition 5.6** and, if (i) the relevant Final Terms specify that the Reference Rate is "Compounded Daily SOFR" and (ii) a SOFR Index Cessation Effective Date has not occurred, a U.S. Government Securities Business Day;

Called Notes has the meaning set forth in **Condition 6.8**;

Class or **class** means, in relation to the Master Issuer notes and the Noteholders, the Class A Notes, the Class B Notes, the Class M Notes, the Class C Notes or the Class Z Notes, as the context requires, and the respective holders thereof;

Class A Noteholders means the Holders of the Class A Notes;

Class A Notes means Master Issuer notes of any Series designated as such in the relevant Final Terms;

Class B Noteholders means the Holders of the Class B Notes;

Class B Notes means Master Issuer notes of any Series designated as such in the relevant Final Terms;

Class C Noteholders means the Holders of the Class C Notes;

Class C Notes means Master Issuer notes of any Series designated as such in the relevant Final Terms;

Class M Noteholders means the Holders of the Class M Notes;

Class M Notes means Master Issuer notes of any Series designated as such in the relevant Final Terms;

Class Z Noteholders means the Holders of the Class Z Notes;

Class Z Notes means Master Issuer notes designated as such in the relevant Final Terms including the Class Z Variable Funding Notes;

Class Z Variable Funding Noteholders means the Holders for the time being of the Class Z Variable Funding Notes;

Class Z Variable Funding Notes means Class Z Notes which are designated as Class Z Variable Funding Notes in the relevant Final Terms;

Clearstream, Luxembourg means Clearstream Banking S.A.;

Closing Date has the meaning given to it in the applicable Final Terms;

Conditional Purchaser means the entity specified as such in the relevant Final Terms;

Conditional Purchase Confirmation means a confirmation provided by the Remarketing Bank to the Master Issuer or the Principal Paying Agent that the conditional purchaser has purchased an interest in, or has had transferred to it or on its behalf, an interest in all of the Money Market Notes;

Definitive Notes means the Master Issuer notes while in definitive form;

Designated Account means the account (which, in the case of a payment in Japanese Yen to a non-resident of Japan, shall be a non-resident account) maintained by a Holder with a Designated Bank and identified as such in the Register;

Designated Bank means (in the case of payment in a Specified Currency other than euro) a bank in the principal financial centre of the country of such Specified Currency (which, if the Specified Currency is Australian dollars or New Zealand dollars, shall be Sydney and Auckland, respectively) and (in the case of a payment in euro) any bank which processes payments in euro;

Designated Source has the meaning given to it in **Condition 5.2(b)(ii)** (*Screen rate determination for Floating Rate Master Issuer notes*), in each case in respect of SONIA, SOFR or €STR, as applicable;

Determination Date means, in respect of any Series and Class (or Sub-Class) of Master Issuer notes, the date(s) specified as such (if any) for such notes in the applicable Final Terms;

Determination Period has the meaning indicated in **Condition 5.1**;

Distribution Compliance Period is the period which is prior to the first business day that is 40 days following the later of the commencement of the offering and the Closing Date;

Dollars, US\$, U.S. Dollars or **\$** means the lawful currency for the time being of the United States of America;

EURIBOR means the Euro inter-bank offered rate as determined, with respect to any Master Issuer notes which are Floating Rate Master Issuer notes, by the Agent Bank in accordance with these Conditions, the Paying Agent and Agent Bank Agreement and the applicable Final Terms;

Euro, euro or **€** means the currency of the Member States of the European Union that adopt the single currency in accordance with the Treaty on the Functioning of the European Union, as amended from time to time;

Euroclear means Euroclear Bank SA/NV;

Extraordinary Resolution means a resolution passed at a meeting of the Noteholders of a particular Class, Series or Series and Class (or Sub-Class) duly convened and held in accordance with the provisions of the Trust Deed by a majority consisting of not less than three-fourths of the persons voting thereat upon a show of hands or if a poll is duly demanded by a majority consisting of not less than three-fourths of the votes cast on such poll;

Federal Reserve's website means the website of the Board of Governors of the Federal Reserve System currently at <http://www.federalreserve.gov>, or any successor website;

Final Maturity Date means, in respect of any Series and Class (or Sub-Class) of Master Issuer notes, the date specified as such for such notes in the applicable Final Terms;

Final Purchase Date has the meaning set forth in **Condition 6.8**;

Final Terms means, in relation to any Series of Master Issuer notes, the final terms issued in relation to such Series of Master Issuer notes which completes these Conditions, giving details of, *inter alia*, the amount and price of such Series of Master Issuer notes, and which forms a part of the Base Prospectus in relation to such Series of Master Issuer notes;

Fixed Coupon Amount means, in respect of any Series and Class (or Sub-Class) of Master Issuer notes, the amount specified as such (if any) for such Master Issuer notes in the relevant Final Terms;

Fixed Rate Master Issuer note means a Master Issuer note, the interest basis of which is specified in the relevant Final Terms as being fixed rate;

Floating Rate Master Issuer note means a Master Issuer note, the interest basis of which is specified in the relevant Final Terms as being floating rate;

Funding means Holmes Funding Limited;

Further Master Issuer notes means further Master Issuer notes issued by the Master Issuer in accordance with **Condition 13.1** and carrying the same terms and conditions in all respects (or in all respects except for the Interest Commencement Date) as, and so that the same shall be consolidated and form a single series and rank *pari passu* with, any class of Master Issuer notes;

Global Notes means the U.S. Global Notes and the Reg S Global Notes;

Holder has the meaning indicated in **Condition 1.2**;

Increase Amount has the meaning given to that term in **Condition 6.10(a)(i)**;

Increase Date has the meaning given to that term in **Condition 6.10**;

Index Cessation Effective Date has the meaning given to it in **Condition 5.2(b)(ii)** (*Screen rate determination for Floating Rate Master Issuer notes*);

Index Cessation Event has the meaning given to it in **Condition 5.2(b)(ii)** (*Screen rate determination for Floating Rate Master Issuer notes*);

Initial Purchase Date has the meaning set forth in **Condition 6.8**;

Interest Commencement Date means, in respect of any Series and Class (or Sub-Class) of Master Issuer notes, the Closing Date of such notes or such other date as may be specified as such for such notes in the relevant Final Terms;

Interest Payment Date means in respect of a series and class (or sub-class) of Master Issuer notes, the interest payment dates specified in the Final Terms for payment of interest and/or principal, subject to the terms and conditions of the Master Issuer notes;

ISDA Definitions means the 2000 ISDA Definitions, as published by the International Swaps and Derivatives Association, Inc.;

Issue Terms means in relation to any Series of Non-LSE Listed Notes, the issue terms issued in relation to such Series of Non-LSE Listed Notes as a supplement to these Conditions and giving details of, *inter alia*, the amount and price of such Series of Non-LSE Listed Notes;

Listed Notes means each Series and Class (or Sub-Class) of Master Issuer notes which is admitted to the Official List and admitted to trading on the main market of the London Stock Exchange;

London Stock Exchange means London Stock Exchange plc;

Mandatory Transfer Termination Event shall occur if the conditional purchaser has purchased an interest in all the Money Market Notes of the relevant Series and Class (or Sub-Class);

Margin means, in respect of any Series and Class (or Sub-Class) of Master Issuer notes, the amount specified as such for such notes in the applicable Final Terms;

Master Intercompany Loan means, at any time, the aggregate of all Term Advances advanced under the Master Intercompany Loan Agreement;

Master Intercompany Loan Agreement means the loan agreement (i) entered into the Programme Date between, among others, Funding, the Master Issuer and the Security Trustee (as amended, novated, restated, replaced or supplemented from time to time) and (ii) to be entered into in respect of each issue of Further Master Issuer notes on the relevant closing date, in each case and made between, among others, Funding and the Master Issuer;

Master Issuer means Holmes Master Issuer PLC;

Master Issuer Bank Account Agreement means the bank account agreement entered into on the Programme Date between the Master Issuer, the Master Issuer Cash Manager, the Master Issuer Account Banks and the Master Issuer Security Trustee (as amended, restated, supplemented, replaced or novated from time to time);

Master Issuer Account Banks means the Sterling Account Bank and the Non-Sterling Account Bank;

Master Issuer Cash Management Agreement means the cash management agreement dated the Programme Date between, amongst others, the Master Issuer Cash Manager, the Master Issuer and the Master Issuer Security Trustee (as amended, restated, supplemented, replaced or novated from time to time);

Master Issuer Cash Manager means Santander UK or such other person or persons for the time being acting, under the Master Issuer Cash Management Agreement, as agent, *inter alia*, for the Master Issuer;

Master Issuer Corporate Services Agreement means the corporate services agreement dated the Programme Date between, among others, Wilmington Trust SP Services (London) Limited, the Master Issuer and the Master Issuer Security Trustee (as amended, restated, supplemented, replaced or novated from time to time);

Master Issuer Deed of Charge means the deed of charge entered into on the Programme Date, as amended and restated from time to time, between, among others, the Master Issuer and the Master Issuer Security Trustee and each deed of accession or supplement entered into in connection therewith;

Master Issuer Dollar Currency Swap Agreements means, in respect of a Series and Class or (Sub-Class) of Master Issuer notes denominated in Dollars, the 1992 ISDA Master Agreements (Multicurrency-Cross Border), schedules thereto and confirmations thereunder relating to the Master Issuer Dollar Currency Swaps to be entered into on or before the relevant Closing Date in respect of such Series and Class or (Sub-Class) between the Master Issuer, the relevant Master Issuer Swap Provider and the Master Issuer Security Trustee (as amended, restated, novated, replaced or supplemented from time to time);

Master Issuer Dollar Currency Swap Rate means the rates at which Dollars are converted into Sterling or, as the case may be, Sterling is converted into Dollars pursuant to the relevant Master Issuer Dollar Currency Swap Agreement or, if no relevant Master Issuer Dollar Currency Swap Agreements are in effect at such time,

the "spot" rate at which Dollars are converted into Sterling or, as the case may be, Sterling is converted to Dollars on the foreign exchange markets;

Master Issuer Dollar Currency Swaps means the sterling-dollar currency swaps which enable the Master Issuer to receive and pay amounts under the Master Intercompany Loan in sterling and to receive and pay amounts under the Dollar Notes;

Master Issuer Euro Currency Swap Agreements means, in respect of a Series and Class or (Sub-Class) of Master Issuer notes denominated in Euro, the 1992 ISDA Master Agreements (Multicurrency-Cross Border), schedules thereto and confirmations thereunder relating to the Master Issuer Euro Currency Swaps to be entered into on or before the relevant Closing Date in respect of such Series and Class or (Sub-Class) between the Master Issuer, the relevant Master Issuer Swap Provider and the Master Issuer Security Trustee (as amended, restated, novated, replaced or supplemented from time to time);

Master Issuer Euro Currency Swap Rate means the rates at which Euro are converted into Sterling or, as the case may be, Sterling is converted into Euro pursuant to the relevant Master Issuer Euro Currency Swap Agreement or, if no relevant Master Issuer Euro Currency Swap Agreements are in effect at such time, the "spot" rate at which Euro are converted into Sterling or, as the case may be, Sterling is converted to Euro on the foreign exchange markets;

Master Issuer Euro Currency Swaps means the sterling-euro currency swaps which enable the Master Issuer to receive and pay amounts under the Master Intercompany Loan in sterling and to receive and pay amounts under the euro denominated notes;

Master Issuer Master Definitions and Construction Schedule means the master definitions and construction schedule dated the Programme Date, as amended and restated from time to time, setting out, among other things, definitions which apply to certain Master Issuer Transaction Documents and includes any and all Accession Agreements;

Master Issuer notes means any Global Notes or Definitive Notes (including, for the avoidance of doubt, any Global Notes or Definitive Notes in respect of any Further Master Issuer notes);

Master Issuer Paying Agent and Agent Bank Agreement means the paying agent and agent bank agreement entered into on the Programme Date between, among others, the Master Issuer, the Paying Agents, the Transfer Agent, the Registrar, the Agent Bank and the Master Issuer Security Trustee (as amended, novated, restated, replaced or supplemented from time to time);

Master Issuer Principal Receipts means an amount equal to the sum of all principal amounts repaid by Funding to the Master Issuer under the Master Intercompany Loan;

Master Issuer Priority of Payments means the Master Issuer pre-enforcement revenue priority of payments, the Master Issuer pre-enforcement principal priority of payments or the Master Issuer post-enforcement priority of payments, as the case may be, each as set out in the Master Issuer Cash Management Agreement or the Master Issuer Deed of Charge (as the case may be);

Master Issuer Secured Creditors means the Master Issuer Security Trustee, the Master Issuer Swap Providers, the Note Trustee, the Noteholders, the Master Issuer Account Banks the Paying Agents, the Agent Bank, the Transfer Agent, the Registrar, the Corporate Services Provider, the Master Issuer Cash Manager and any new Master Issuer secured creditor who accedes to the Master Issuer Deed of Charge from time to time under a deed of accession or a supplemental deed;

Master Issuer Security means the security created by the Master Issuer pursuant to the Master Issuer Deed of Charge;

Master Issuer Security Trustee means The Bank of New York Mellon, acting through its London branch and its successors or any other security trustee under the Master Issuer Deed of Charge;

Master Issuer Swap Agreements means the Master Issuer Dollar Currency Swap Agreements and the Master Issuer Euro Currency Swap Agreements;

Master Issuer Swap Provider means Santander UK or the institution(s) identified in respect of each Master Issuer Swap Agreement in relation to the relevant Series and Class (or Sub-Class) of Master Issuer notes and shall be identified as such in the relevant drawdown prospectus or supplemental prospectus;

Master Issuer Transaction Documents means the Mortgage Sale Agreement, the Servicing Agreement, the Mortgages Trust Deed, the Cash Management Agreement, the Master Issuer Corporate Services Agreement, the Master Intercompany Loan Agreement, the Funding Deed of Charge, the Funding Guaranteed Investment Contract, the Mortgages Trustee Guaranteed Investment Contract, the Bank Account Agreement, the Master Issuer Bank Account Agreement, the Master Issuer Deed of Charge, the Trust Deed, the Paying Agent and Agent Bank Agreement, the Master Issuer Cash Management Agreement, the Master Issuer Swap Agreements, the Initial Purchase Agreement, the Subscription Agreement, the Funding Swap Agreement the Corporate Services Agreement, the Master Definitions and Construction Schedules and such other related documents which are referred to in the terms of the above documents;

Maximum Rate of Interest means, in respect of any Series and Class (or Sub-Class) of Master Issuer notes, the rate of interest specified as such for such notes in the applicable Final Terms;

Minimum Rate of Interest means, in respect of any Series and Class (or Sub-Class) of Master Issuer notes, the rate of interest specified as such for such notes in the applicable Final Terms;

Minimum Seller Share means an amount which is calculated in accordance with clause 9.2 of the Mortgages Trust Deed;

Money Market Notes means Master Issuer notes which will be "Eligible Securities" within the meaning of Rule 2a-7 under the Investment Company Act;

Non-LSE Listed Notes means any notes listed and/or traded on any exchange other than the London Stock Exchange;

Non-Sterling Account Bank means Citibank, N.A., London Branch or such other person for the time being acting as non-sterling account bank to the Master Issuer under the Master Issuer Bank Account Agreement;

Note Determination Date means the date four Business Days prior to each Interest Payment Date;

Note Enforcement Notice has the meaning indicated in **Condition 10.6**;

Note Event of Default means the occurrence of an event of default by the Master Issuer as specified in **Condition 10**;

Note Principal Payment has the meaning indicated in **Condition 6.3**;

Note Trustee means The Bank of New York and its successors or any further or other note trustee under the Trust Deed, as trustee for the Noteholders;

Noteholders means the Holders for the time being of the Master Issuer notes;

NR Term Advances means the Term Advances made by the Master Issuer to Funding under the Master Intercompany Loan Agreement from the proceeds of issue of the Class Z Notes of any Series;

NR VFN Term Advance means a Term Advance made by the Master Issuer to Funding under the Intercompany Loan Agreement from the proceeds of issue of and Increase Amounts under a Class Z Variable Funding Note;

Official List means the official list of securities maintained by the London Stock Exchange;

Pass-Through Notes means any Series and Class (or Sub-Class) of Notes which has no Scheduled Repayment Date other than the Final Maturity Date and which is designated as "pass-through" in the applicable Final Terms;

Paying Agents means the Principal Paying Agent and the U.S. Paying Agent, together with any further or other paying agents for the time being appointed under the Paying Agent and Agent Bank Agreement;

Pool Factor had the meaning indicated in **Condition 6.3**;

Principal Amount Outstanding has the meaning indicated in **Condition 6.3**;

Principal Paying Agent means The Bank of New York, acting through its London branch, in its capacity as principal paying agent at its Specified Office or such other person for the time being acting as principal paying agent under the Paying Agent and Agent Bank Agreement;

Programme Date means 28 November 2006;

Purchase Option has the meaning set forth in **Condition 6.8**;

Qualifying Noteholder means a person which is beneficially entitled to interest in respect of the Class Z Variable Funding Note 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 Class Z Variable Funding Notes in computing the chargeable profits (for the purposes of section 19 of the Corporation Tax Act 2009 (the **CTA**)) of that company; or (iii) a partnership each member of which is: (A) a company resident in the United Kingdom; or (B) a company not so resident in the United Kingdom which carries on a trade in the United Kingdom through a permanent establishment and which will bring into account in computing its chargeable profits (for the purposes of section 19 of the CTA) the whole of any share of a payment of interest in respect of the Class Z Variable Funding Notes that is attributable to it by reason of Part 17 of the CTA;

Rate of Interest and **Rates of Interest** means, in respect of any Series and Class (or Sub-Class) of Master Issuer notes, the rate or rates (expressed as a percentage per annum) of interest payable in respect of such notes specified in the applicable Final Terms or calculated and determined in accordance with the applicable Final Terms;

Rated Notes means the Master Issuer notes that have been rated by two or more of the Rating Agencies;

Rating Agencies means, in relation to a Series and Class (or Sub-Class) of Master Issuer notes, two or more of S&P Global Ratings Europe Limited, Moody's Investors Service Limited and Fitch Ratings Ltd., as specified in the applicable Final Terms;

Reference Price means, in respect of any Series and Class (or Sub-Class) of Master Issuer notes, the price specified as such for such notes in the applicable Final Terms;

Reference Rate means, in respect of any Series and Class (or Sub-Class) of Master Issuer notes, the rate specified as such for such notes in the applicable Final Terms;

Regulation S means Regulation S under the Securities Act;

Reg S Global Notes means the note certificates representing the Reg S Notes while in global form;

Reg S Notes means each Series and Class (or Sub-Class) of Master Issuer notes sold in reliance on Regulation S;

Register means the register of Noteholders kept by the Registrar and which records the identity of each Noteholder and the number of Master Issuer notes that each Noteholder owns;

Registrar means The Bank of New York Mellon S.A./N.V., Luxembourg Branch (formerly The Bank of New York Mellon (Luxembourg) S.A.) of Vertigo Building – Polaris, 2-4 rue Eugène Ruppert L-2453 Luxembourg;

Relevant Screen means a page of the Reuters service or Bloomberg service, or any other medium for electronic display of data as may be previously approved in writing by the Note Trustee and has been notified to Noteholders in the manner set out in **Condition 12.10**;

Relevant Screen Page means, in respect of any Series and Class (or Sub-Class) of Master Issuer notes where the Reference Rate is EURIBOR, the screen page specified as such for such notes in the applicable Final Terms;

Remarketing Bank means the entity specified as such in the relevant Final Terms;

Remarketing Period means, in respect of each Transfer Date (as specified in the relevant Final Terms), the period from and including the 15th business day prior to such Transfer Date through and including the 10th business day prior to such Transfer Date, unless otherwise specified in the relevant Final Terms;

Repayment Tests means the test set out in paragraph 3 of Part 2 of Schedule 3 to the Funding Deed of Charge;

Rule 144A means Rule 144A of the Securities Act;

Santander UK means Santander UK plc (registered number 02294747), a public limited company incorporated under the laws of England and Wales, whose registered office is at 2 Triton Square, Regent's Place, London NW1 3AN, United Kingdom;

Santander UK Optional Purchase Agreement means the agreement (if any) to be entered into between Santander UK and the Note Trustee pursuant to which Santander UK will be entitled to procure the sale to itself of all, but not some only, of the Class B Notes and/or Class M Notes and/or Class C Notes and/or Class Z Notes in accordance with **Condition 6.8** and the relevant Final Terms;

Scheduled Redemption Notes means any Series and Class (or Sub-Class) of Master Issuer notes which is scheduled to be redeemed on one or more dates and in the amounts specified in the applicable Final Terms;

Securities Act means the United States Securities Act of 1933, as amended;

Security Trustee means The Bank of New York Mellon, acting through its London Branch or such other persons and all other persons for the time being acting as security trustee pursuant to the Funding Deed of Charge;

Series means in relation to the Master Issuer notes, all Master Issuer notes (of any Class) issued on a given day and designated as such;

Series and Class (or Sub-Class) means, a particular Class of Master Issuer notes of a given Series or, where such Class of such Series comprises more than one sub-class, **Series and Class (or Sub-Class)** means any sub-class of such Class;

SOFR means the Secured Overnight Financing Rate;

SOFR Administrator has the meaning given to it in **Condition 5.2(b)(ii)** (*Screen rate determination for Floating Rate Master Issuer notes*);

SOFR Index has the meaning given to it in **Condition 5.2(b)(ii)** (*Screen rate determination for Floating Rate Master Issuer notes*);

SONIA means the Sterling Overnight Index Average benchmark risk-free rate administered by the Bank of England;

SONIA Administrator has the meaning given to it in **Condition 5.2(b)(ii)** (*Screen rate determination for Floating Rate Master Issuer notes*);

SONIA Index has the meaning given to it in **Condition 5.2(b)(ii)** (*Screen rate determination for Floating Rate Master Issuer notes*);

Specified Currency means, in respect of any Series and Class (or Sub-Class) of Master Issuer notes, the currency or currencies specified as such for such notes in the applicable Final Terms;

Specified Currency Exchange Rate means, in relation to a Series and Class (or Sub-Class) of Master Issuer notes, the exchange rate specified in the Master Issuer Swap Agreement relating to such Series and Class (or Sub-Class) of Master Issuer notes or, if the Master Issuer Swap Agreement has been terminated, the applicable spot rate;

Specified Date has the meaning indicated in **Condition 12.6**;

Specified Denomination means, in respect of any Series and Class (or Sub-Class) of Master Issuer notes, the denomination specified as such for such notes in the applicable Final Terms which shall be a minimum of €100,000 or such other amount specified in the applicable Final Terms (or its equivalent in any other currency at the date of issue of such notes);

Specified Office means, as the context may require, in relation to any of the Agents, the office specified against the name of such Agent in the Paying Agent and Agent Bank Agreement or such other specified office as may be notified to the Master Issuer and the Note Trustee pursuant to the Paying Agent and Agency Bank Agreement;

Specified Time has the meaning indicated in **Condition 5.2(b)**;

Sterling, Pounds Sterling or **£** means the lawful currency for the time being of the United Kingdom;

Sterling Account Bank means Santander UK or such other person for the time being acting as sterling account bank to the Master Issuer under the Master Issuer Bank Account Agreement;

Sterling Notes means each Series and Class (or Sub-Class) of Master Issuer notes denominated in Sterling;

Sub-Class means any sub-class of a Series and Class of Master Issuer notes;

Term Advances means the AAA Term Advances, the AA Term Advances, the A Term Advances, the BBB Term Advances and the NR Term Advances, being the advances made by the Master Issuer to Funding, pursuant to the Master Intercompany Loan Agreement, each being funded from proceeds received by the Master Issuer from the issue of a Series and Class (or Sub-Class) of Master Issuer notes;

Transaction Documents means the Master Issuer Transaction Documents, the previous intercompany loan agreements, the current start-up loan agreements, the previous swap agreements, and any new intercompany loan agreements, new start-up loan agreements, new swap agreements, other documents relating to issues of new notes by new issuing entities, the mortgages trustee guaranteed investment contract and all other agreements referred to therein;

Transfer Agent means The Bank of New York Mellon S.A./N.V., Luxembourg Branch (formerly The Bank of New York Mellon (Luxembourg) S.A.) in its capacity as transfer agent at its Specified Office or such other person for the time being acting as transfer agent under the Paying Agent and Agent Bank Agreement;

Transfer Date means, in respect of a Series and Class (or Sub-Class) of Money Market Notes, the date(s) specified as such in the relevant Final Terms;

Transfer Price means, in respect of each Money Market Note as at a Transfer Date, the Principal Amount Outstanding of such Money Market Note on that Transfer Date, following the application of Available Principal Receipts on such date;

Trust Deed means the further amended and restated Master Issuer trust deed entered into on 18 December 2014 between the Master Issuer and the Note Trustee constituting the Master Issuer notes (and as the same may be amended, restated, supplemented, replaced or novated from time to time);

U.S. Global Notes means each U.S. Note represented on issue by a Global Note in registered form for each such Class;

U.S. Government Securities Business Day means any day except for a Saturday, Sunday or a day on which the Securities Industry and Financial Markets Association (or any successor thereto) recommends that the fixed income departments of its members be closed for the entire day for purposes of trading in U.S. government securities.

U.S. Notes means each Series and Class (or Sub-Class) of Master Issuer notes sold in reliance on Rule 144A; and

U.S. Paying Agent means The Bank of New York Mellon, New York Branch, acting in its capacity as U.S. paying agent through its New York office or such other person for the time being acting as U.S. paying agent under the Paying Agent and Agent Bank Agreement.

ARREARS EXPERIENCE

The following table summarises loans in arrears and repossession experience for loans in the portfolio (including loans that previously formed part of the portfolio) as at the dates indicated below.

	31 Dec 2023	31 Dec 2022	31 Dec 2021	31 Dec 2020	31 Dec 2019	31 Dec 2018	31 Dec 2017
Outstanding balance (£millions)	3,245	1,651	2,300	3,081	4,272	4,635	4,541
Number of loans outstanding (thousands)	37.56	34.48	43.18	53.18	66.02	83.27	93.26
Outstanding balance of loans in arrears (£millions)							
30-59 days in arrears	13.43	13.82	11.30	13.57	14.59	80.00	94.80
60-89 days in arrears	0.41	0.07	0.00	1.86	0.17	0.54	12.02
90-179 days in arrears	0.00	0.00	0.00	0.00	0.00	0.00	1.64
180-365 days in arrears	0.00	0.00	0.00	0.00	0.00	0.00	0.00
366 or more days in arrears	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total outstanding balance of loans in arrears	13.84	13.90	11.30	15.43	14.76	80.54	108.47
Total outstanding balance of loans in arrears as % of the outstanding balance	0.43%	0.84%	0.49%	0.50%	0.35%	1.74%	2.39%
Outstanding balance of loans relating to properties in possession	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Net loss on sales of all repossessed properties ⁽¹⁾	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Ratio of aggregate net losses to average aggregate outstanding balance of loans ⁽²⁾	0.00%	0.00%	0.00	0.00%	0.00%	0.00%	0.00%
Average net loss on all properties sold	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Number of loans outstanding in arrears (thousands)							
30-59 days in arrears	0.18	0.18	0.17	0.21	0.22	1.14	1.42
60-89 days in arrears	0.00	0.00	0.00	0.02	0.00	0.01	0.20
90-179 days in arrears	0.00	0.00	0.00	0.00	0.00	0.00	0.03
180-365 days in arrears	0.00	0.00	0.00	0.00	0.00	0.00	0.00
366 or more days in arrears	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total number of loans outstanding in arrears	0.18	0.18	0.17	0.23	0.22	1.15	1.66
Total number of loans outstanding in	0.48%	0.53%	0.39%	0.43%	0.33%	1.38%	1.78%

arrears as % of the number of loans outstanding							
Number of properties in possession	0	0	0	0	0	0	0
Number of properties sold during the year	0	0	0	0	0	0	0

- (1) Net loss is net of recoveries in the current period on properties sold in prior periods.
(2) Closing balance for the period.

The term "repossessions" in the table above expresses the number of properties taken into possession during the applicable period, as a percentage of the number of loans outstanding at the end of the period.

To the extent any information in the table above has materially changed, an updated table will be set out in the final terms relating to an issue of notes.

There can be no assurance that the arrears and repossession experience with respect to the loans comprising the portfolio in the future will correspond to the experience of the loans in the mortgages trust as set forth in the foregoing table. If the property market experiences an overall decline in property values so that the value of the properties in the portfolio falls below the principal balances of the loans, the actual rates of arrears and repossessions could be significantly higher than those previously experienced. In addition, other adverse economic conditions, whether or not they affect property values, may nonetheless affect the timely payment by borrowers of principal and interest and, accordingly, the rates of arrears, repossessions and losses with respect to the loans in the portfolio. Noteholders should observe that the UK experienced relatively low and stable interest rates during the periods covered in the preceding table. If interest rates were to rise, it is likely that the rate of arrears and repossessions likewise would rise.

STATIC POOL DATA AND DYNAMIC DATA IN RESPECT OF WHOLE RESIDENTIAL MORTGAGE BOOK

The tables below set out, to the extent material, certain static pool information with respect to the loans in the mortgages trust.

Static pool information on prepayments has not been included because changes in prepayment and payment rates historically have not affected repayment of the Master Issuer notes, and are not anticipated to have a significant effect on future payments on the Master Issuer notes for a number of reasons. The mechanics of the mortgages trust require an extended cash accumulation period (for bullet term advances) when prepayment rates fall below certain minima required by the rating agencies, serving to limit the extent to which slow prepayments would cause the average lives of the Master Issuer notes to extend. Furthermore, only a limited amount of note principal in relation to the very large mortgages trust size is actually due to be repaid on any particular interest payment date.

One of the characteristics of the mortgages trust is that the seller is able to sell more loans to the mortgages trustee over time, whether in connection with an issuance of Master Issuer notes or in order to maintain the minimum seller share. To aid in understanding changes to the mortgages trust over time, the following table sets out information relating to each sale of loans by the seller to the mortgages trustee pursuant to the mortgage sale agreement.

<u>Date</u>	<u>Balance of loans substituted or sold</u>	<u>Number of loans substituted or sold</u>
26 July 2000	£6,399,214,137	115,191
29 November 2000	£0	0
23 May 2001	£5,675,174,662	90,088
5 July 2001	£0	0
8 November 2001	£6,316,801,008	88,154
7 November 2002	£7,721,958,214	100,534
26 March 2003	£0	0
1 April 2004	£6,903,977,960	80,529
8 December 2005	£0	0
8 August 2006	£0	0
28 November 2006	£0	0
28 March 2007	£10,749,721,703	98,169
20 June 2007	£0	0
21 December 2007	£0	0
10 April 2008	£5,500,000,000	42,000
19 December 2008	£14,777,000,000	104,435
12 November 2010	£0	0
9 February 2011	£0	0
25 March 2011	£0	0
21 September 2011	£0	0

25	January	2012		
			£3,601,552,873	27,860
19	April	2012		
			£1,946,668,456.05	18,975
8	June	2012		
			£0	0
28	August	2012		
			£0	0
30	May	2013		
			£2,223,485,063	18,194
26	May	2016		
			£95,357,152.26	689
4	October	2017		
			£0	0
16	March	2018		
			£0	0
30	August	2018		
			£1,162,522,824.84	8,204
July		2019		
			£981,735,050	6,185
August		2019		
			£742,314,158	4,607
February		2023		
			£781,758,322.16	3,879
May		2023		
			£282,301,157.40	1,504
July		2023		
			£150,086,998.07	658
September		2023		
			£1,285,663,299.07	6,098
January		2024		
			£1,262,947,739.75	6,142
March		2024		
			£596,748,607.58	2,865

The sale of new loans by the seller to the mortgages trustee is subject to conditions, including ones required by the rating agencies, designed to maintain certain credit-related and other characteristics of the mortgages trust. These include limits on loans in arrears in the mortgages trust at the time of sale, limits on the aggregate balance of loans sold, limits on changes in the weighted average repossession frequency and the weighted average loss severity, minimum yield for the loans in the mortgages trust after the sale and maximum loan-to-value ratio for the loans in the mortgages trust after the sale. See a description of these conditions in "**Assignment of the loans and their related security**" in the base prospectus.

The following tables summarise loans in arrears and repossession experience for loans originated by Santander UK (including but not limited to loans in the portfolio) as at the dates indicated below.

Balance of loans that have ever entered into 3-month + arrears (£million)																				
Year that the loan was first in 3-month+ arrears																				
Origination year	Total*	2005**	2006**	2007**	2008**	2009**	2010**	2011**	2012**	2013**	2014**	2015**	2016**	2017**	2018**	2019**	2020**	2021**	2022**	2023**
	2005	24,124.5	29.7	200.3	405.5	632.6	819.9	935.1	1,025.7	1,108.5	1,176.1	1,222.5	1,257.6	1,284.9	1,307.9	1,331.2	1,351.3	1,369.1	1,382.9	1,391.8
2006	28,559.7		44.6	267.7	630.1	1,001.3	1,202.2	1,378.0	1,532.2	1,660.6	1,744.6	1,807.5	1,853.8	1,888.3	1,926.1	1,959.0	1,989.9	2,019.1	2,037.7	2,070.7
2007	32,028.0			42.3	410.3	1,009.5	1,349.8	1,637.5	1,911.9	2,162.0	2,318.7	2,433.5	2,519.2	2,588.2	2,653.8	2,710.9	2,757.4	2,793.9	2,818.7	2,863.2
2008	28,729.2				145.6	706.0	1,134.0	1,477.2	1,770.5	2,051.4	2,218.6	2,336.9	2,433.8	2,508.8	2,579.7	2,637.7	2,691.7	2,738.2	2,764.2	2,814.3
2009	18,993.4					35.4	140.6	250.9	359.0	447.3	510.3	547.8	583.2	612.6	645.2	666.0	684.0	701.9	713.0	726.3
2010	17,629.1						10.5	59.2	124.8	202.7	252.3	290.2	318.5	340.2	364.9	383.0	403.1	418.1	427.8	445.2
2011	20,794.4							9.2	61.3	132.2	195.7	242.6	279.2	307.7	337.8	361.7	381.4	401.5	418.1	435.5
2012	14,730.1								6.9	30.6	61.2	86.8	114.4	134.7	150.4	169.3	180.1	195.2	203.6	213.3

Static Pool Data and Dynamic Data

2013	18,465.2									2.6	16.7	35.7	54.8	76.3	93.0	108.7	124.8	142.8	151.9	162.2
2014	25,817.0										3.8	17.8	44.6	69.5	96.3	125.6	144.7	175.2	189.6	213.1
2015	25,620.4											1.3	15.2	41.8	76.0	114.5	140.7	172.8	190.4	213.8
2016	24,772.1												2.5	21.4	58.2	100.4	126.1	168.5	193.6	225.4
2017	24,387.6													2.4	20.0	52.0	86.1	132.2	156.8	199.0
2018	27,337.6														2.3	27.3	63.4	125.5	156.5	208.9
2019	29,849.7															2.4	21.8	72.6	105.3	162.4
2020	24,942.3																2.8	28.6	58.8	108.1
2021	31,984.8																	2.2	25.2	77.8
2022	34,017.2																		2.9	33.3
2023	12,084.5																			2.8

* Origination values do not include further advances and flexible mortgage loan drawdowns.
 ** Balance of loans that have ever entered into 3-month+ arrears. Data is cumulative.

Balance of loans that have been repossessed (£million)																					
Year that the loan was first repossessed																					
	Total*	2005**	2006**	2007**	2008**	2009**	2010**	2011**	2012**	2013**	2014**	2015**	2016**	2017**	2018**	2019**	2020**	2021**	2022**	2023**	
Origination year	2005	24,124.5	0.3	15.0	43.1	95.5	140.9	168.8	195.3	219.9	236.8	249.4	257.2	261.8	265.6	269.1	272.2	273.7	273.9	276.1	276.9
	2006	28,559.7		1.4	27.8	88.5	172.1	223.2	265.2	300.4	333.4	356.6	370.2	381.6	390.1	395.4	400.9	405.0	405.1	409.5	411.2
	2007	32,028.0			0.9	28.3	123.5	199.7	279.8	347.4	424.7	471.3	499.5	519.3	537.9	551.9	565.7	570.7	572.6	580.4	586.1
	2008	28,729.2				2.0	51.3	121.3	189.1	261.6	328.6	370.7	399.1	419.0	430.9	442.0	451.6	455.0	455.3	464.1	469.4
	2009	18,993.4						4.6	13.7	25.3	35.9	45.1	50.9	55.0	56.8	60.8	63.5	63.6	63.7	66.1	66.9
	2010	17,629.1							1.8	7.4	12.5	17.1	20.6	24.2	25.7	27.4	29.0	29.1	29.1	30.6	30.8
	2011	20,794.4								1.4	5.8	9.2	11.9	14.3	15.9	17.4	18.7	19.1	19.2	20.6	21.5
	2012	14,730.1								0.9	1.9	3.2	4.4	5.0	5.4	6.5	7.0	7.1	7.1	7.7	7.9
	2013	18,465.2									0.2	0.3	0.7	1.2	2.3	3.0	3.2	3.2	3.3	4.0	4.1
	2014	25,817.0												1.1	1.6	3.0	3.6	3.9	3.9	5.5	5.9
	2015	25,620.4												0.2	0.8	2.5	3.8	5.6	5.6	8.3	10.0
	2016	24,772.1													0.1	0.8	2.0	2.6	2.7	5.3	5.7
	2017	24,387.6														0.1	0.6	1.3	1.3	4.5	5.8
	2018	27,337.6																0.1	0.1	1.8	3.6
	2019	29,849.7																0.2	0.3	1.4	3.4
	2020	24,942.3																0.1	0.1	0.3	2.3
	2021	31,984.8																	0.0	0.4	0.6
	2022	34,017.2																		0.0	0.1
	2023	12,084.5																			0.0

* Origination values do not include further advances and flexible mortgage loan drawdowns.
 ** Balance of loans that have ever been repossessed. Data is cumulative.

The following table summarises the credit performance in respect of loans originated by Santander UK (including but not limited to loans in the portfolio) since 2017 (source: 2023, 2022, 2021, 2020, 2019, 2018 and 2017 Santander UK Annual Reports)

	2023	2022	2021	2020	2019	2018	2017
	£m	£m	£m	£m	£m	£m	£m
Mortgage loans and advances to customers of which:	172,859	184,317	174,712	166,730	165,356	157,957	154,682
– Stage 1 ⁽¹⁾	152,975	169,066	161,845	154,586	155,477	146,619	NA

Static Pool Data and Dynamic Data

– Stage 2 ⁽¹⁾	17,876	13,424	11,071	10,345	8,157	9,356	NA
– Stage 3 ⁽¹⁾	2,008	1,827	1,796	1,799	1,722	1,982	NA
Performing ⁽²⁾	NA	NA	NA	NA	NA	NA	151,688
Early arrears:	NA	NA	NA	NA	NA	NA	1,126
– 31 to 60 days	NA	NA	NA	NA	NA	NA	700
– 61 to 90 days	NA	NA	NA	NA	NA	NA	426
NPLs: ⁽³⁾	NA	NA	NA	NA	NA	1,907	1,868
– By arrears	NA	NA	NA	NA	NA	1,392	1,427
– By bankruptcy	NA	NA	NA	NA	NA	18	14
– By maturity default	NA	NA	NA	NA	NA	392	303
– By forbearance	NA	NA	NA	NA	NA	80	95
– By properties in possession (PIPs)	NA	NA	NA	NA	NA	25	29
Forbearance	1,602	1,567	1,583	1,528	1,481	1,345	1,475
-By Capitalisation	609	607	604	628	602	587	652
-By Term extension	536	459	518	476	429	256	241
-By Interest Only	275	305	346	396	439	502	582
-By Concessionary Interest-Rate	182	196	115	28	11	0	NA
- Forbearance – Weighted Average LTV	44%	43%	32%	34%	35%	35%	35%
PIPs not classified as NPL	23	47	2	10	32	NA	NA
Loss allowances ⁽⁴⁾	242	251	190	280	218	234	225
Stage 2 ratio ⁽⁵⁾	10.34%	7.28%	6.34%	6.12%	4.93%	5.92%	NA
Stage 3 ratio ⁽⁵⁾	1.17%	1.00%	1.04%	1.07%	1.05%	1.27%	NA
Early arrears ratio ⁽⁶⁾	NA	NA	NA	NA	NA	NA	0.73%
NPL ratio ⁽⁷⁾	NA	NA	NA	NA	NA	1.21%	1.21%
Coverage ratio ⁽⁸⁾	NA	NA	NA	NA	NA	NA	12%

(1) Stage 1: when there has been no significant increase in credit risk (SICR) since initial recognition, Stage 2: when there has been a SICR since initial recognition, but no credit impairment has materialised, Stage 3: when the exposure is considered credit impaired.

(2) Excludes mortgages where the customer did not pay for between 31 and 90 days, arrears, bankruptcy, maturity default, forbearance and PIPs NPLs.

(3) Mortgage loans and advances are classified as non-performance loans when customers do not make a payment for three months or more, or if Santander UK has data that raises doubts on the ability of customers to keep up with payments. From 2019, NPLs are no longer reported due to changes in accounting standards in IFRS9.

(4) Prior to 2018, loss allowances were on an incurred loss basis per IAS 39, whilst for 2018 they are on an ECL basis per IFRS 9. The loss allowance is for both on and off-balance sheet exposures.

(5) Stage 1/Stage 2 exposures as a percentage of customer loans. Total Stage 3 exposure as a percentage of customer loans plus undrawn Stage 3 exposures. The way we calculate the Stage 3 ratio was changed from 1 January 2019, and 2018 restated for consistency. See 'Key metrics' in the 'Credit risk – Santander UK group level' section. Total Stage 3 exposure as a percentage of customer loans plus undrawn Stage 3 exposures. The way we calculate the Stage 3 ratio was changed from 1 January 2019, and 2018 restated for consistency. See 'Key metrics' in the 'Credit risk – Santander UK group level' section

(6) Mortgages in early arrears as a percentage of mortgages.

(7) Mortgage NPLs as a percentage of mortgages.

(8) Loss allowances as a percentage of NPLs.

MATERIAL LEGAL ASPECTS OF THE LOANS

The following discussion is a summary of the material legal aspects of English and Scottish residential property loans and mortgages. It is not an exhaustive analysis of the relevant law.

English loans

General

There are two parties to a mortgage. The first party is the mortgagor, who is the borrower and homeowner. The mortgagor grants the mortgage over his or her property. The second party is the mortgagee, who is the lender (i.e. the seller). Each English loan will be secured by a mortgage which has a first ranking priority over all other mortgages secured on the property and over all unsecured creditors of the borrower. Each borrower is prohibited under the English mortgage terms and conditions from creating another mortgage or other secured interest over the relevant property without the consent of the seller.

Nature of property as security

There are two forms of title to land in England and Wales: registered and unregistered. Both systems of title can include both freehold and leasehold land.

Registered title

Title to registered land is registered at the Land Registry. Each parcel of land is given a unique folio number. Title to land is now established by reference to the folio and the associated land certificate (if any has been issued) containing official copies of the entries on the register relating to that land.

There are four classes of registered title. The most common is title absolute. A person registered with title absolute owns the land free from all interests other than those entered on the register and those classified as unregistered interests which override first registration and unregistered interest which override registered dispositions.

Title information documents provided by the Land Registry will reveal the present owner of the land, together with any legal charges and other interests affecting the land. However, the Land Registration Act 2002 provides that some interests in the land will bind the land even though they are not capable of registration at the Land Registry such as unregistered interests which override first registration and unregistered interests which override registered dispositions. The title information documents will also contain a plan indicating the location of the land. However, this plan is not conclusive as to matters such as the location of boundaries.

Unregistered title

All land in England and Wales is now subject to compulsory registration on the occurrence of any of a number of trigger events, which includes the granting of a first legal mortgage. However, a small proportion of land in England and Wales (typically where the land has been in the same ownership for a number of years) is still unregistered. Title to unregistered land is proved by establishing a chain of documentary evidence to title going back at least 15 years. Where the land is affected by third party rights, some of those rights can be proved by documentary evidence or by proof of continuous exercise of the rights for a prescribed period and do not require registration. However, other rights would have to be registered at the Central Land Charges Registry in order to be effective against a subsequent purchaser of the land.

Taking security over land

Where land is registered, a mortgagee must register its mortgage at the Land Registry in order to secure priority over any subsequent mortgagee. Prior to registration, the mortgage will take effect only as an equitable mortgage or charge. Priority of mortgages over registered land is governed by the date of registration of the mortgage rather than date of creation. However, a prospective mortgagee is able to obtain a priority period within which to register his mortgage. If the mortgagee submits a proper application for registration during this period, its interest will take priority over any application for registration of another interest which is received by the Land Registry during this priority period.

In the system of unregistered land, the mortgagee protects its interest by retaining possession of the title deeds to the property. Without the title deeds to the property, the borrower is unable to establish the necessary chain of ownership, and is therefore effectively prevented from dealing with its land without the consent of the mortgagee. Priority of mortgages over unregistered land is governed first by the possession of title deeds, and in relation to subsequent mortgages by the registration of a land charge.

The seller as mortgagee

The sale of the English mortgages by the seller to the mortgages trustee will take effect in equity only. The mortgages trustee will not apply to the Land Registry or the Central Land Charges Registry to register or record its equitable interest in the mortgages. The consequences of this are explained in the section "**Risk factors—There may be risks associated with the fact that the mortgages trustee has no legal title to the mortgages, which may adversely affect the payments on the Master Issuer notes**".

Enforcement of mortgages

If a borrower defaults under a loan, the English mortgage conditions provide that all monies under the loan will become immediately due and payable. The seller or its successors or assigns would then be entitled to recover all outstanding principal, interest and fees under the covenant of the borrower contained in the English mortgage conditions to pay or repay those amounts. In addition, the seller or its successors or assigns may enforce its mortgage in relation to the defaulted loan. Enforcement may occur in a number of ways, including the following:

- The mortgagee may enter into possession of the property. If it does so, it does so in its own right and not as agent of the mortgagor, and so may be personally liable for mismanagement of the property and to third parties as occupier of the property.
- The mortgagee may lease the property to third parties.
- The mortgagee may foreclose on the property. Under foreclosure procedures, the mortgagor's title to the property is extinguished so that the mortgagee becomes the owner of the property. The remedy is, because of procedural constraints, rarely used.
- The mortgagee may sell the property, subject to various duties to ensure that the mortgagee exercises proper care in relation to the sale. This power of sale arises under the Law of Property Act 1925. The purchaser of a property sold pursuant to a mortgagee's power of sale becomes the owner of the property.

There is a requirement for a court order to enforce a land mortgage securing a loan to the extent that the credit agreement is regulated by the consumer credit regime or treated as such or, on and from the regulation effective date, is a regulated mortgage contract that would otherwise be regulated by the consumer credit regime or treated as such.

Scottish loans

General

A standard security is the only means of creating a fixed charge over heritable or long leasehold property in Scotland. Its form must comply with the requirements of the Conveyancing and Feudal Reform (Scotland) Act 1970 (the 1970 Act). There are two parties to a standard security. The first party is the grantor, who is the borrower and homeowner. The grantor grants the standard security over its property (and is generally the only party to execute the standard security). The second party is the grantee of the standard security, who is the lender, and is termed the heritable creditor. Each Scottish loan will be secured by a standard security which has a first ranking priority over all other standard securities secured on the property and over all unsecured creditors of the borrower. If a borrower creates a subsequent standard security over the relevant property in favour of a third party, upon intimation of that subsequent standard security to the seller (in its capacity as trustee for the mortgages trustee pursuant to the relevant Scottish declaration of trust granted by the seller in favour of the mortgages trustee), the prior ranking of the seller's standard security shall

be restricted to security for advances made prior to such intimation, plus advances made subsequent to such intimation which the seller is obliged to advance, plus interest and expenses in respect thereof.

The 1970 Act automatically imports a statutory set of "**Standard Conditions**" into all standard securities, although the majority of these may be varied by agreement between the parties. The seller, along with most major lenders in the residential mortgage market in Scotland, has elected to vary the Standard Conditions by means of its own set of Scottish mortgage conditions, the terms of which are in turn imported into each standard security. The main provisions of the Standard Conditions which cannot be varied by agreement relate to enforcement, and in particular the notice and other procedures that require to be carried out as a preliminary to the exercise of the heritable creditor's rights on a default by the borrower.

Nature of property as security

While title to all land in Scotland is registered there are currently two possible forms of registration, namely the Land Register and Sasine Register. Both systems of registration can include both heritable (the Scottish equivalent to freehold) and long leasehold land.

Land Register

This system of registration was established by the Land Registration (Scotland) Act 1979 (as amended and replaced by the 2012 Act on 8 December 2014) and applies to the whole of Scotland. Any sale of land (including a long leasehold interest in land) the title to which has not been registered in the Land Register or the occurrence of certain other events in relation thereto (including, from 1 April 2016, the granting of a standard security alone) will trigger its registration in the Land Register, when it is given a unique title number. Title to the land and the existence of a standard security over it are established by the entries on the Land Register relating to that land. Prior to 22 January 2007, the holder of the title received a land certificate containing official copies of the relevant entries on the Land Register. Similarly, the holder of any standard security over the land in question received a charge certificate containing official copies of the entries relating to that security. However, in terms of the Automated Registration of Title to Land (Electronic Communications) (Scotland) Order 2006 and the Land Registration (Scotland) Rules 2006, with effect from 22 January 2007 such land and charge certificates were only issued to the relevant title or security holder if so requested at the time of the relevant registration and were otherwise only available in electronic form. Under the 2012 Act, land and charge certificates are no longer issued, but a person is able to apply for an extract of the title sheet for any property, being an official copy of the relevant entries on the Land Register. A person registered in the Land Register owns the land free from all interests other than those entered on the Register, those classified as overriding interests and any other interests implied by law.

The relevant Land Register entries and where issued land certificate (whether in paper or electronic form) will reveal the present owners of the land, together with any standard securities and other interests (other than certain overriding interests and certain interests implied by law) affecting the land. They will also contain a plan indicating the location and extent of the land. This plan is not in all circumstances conclusive as to the extent of the land, and under the 2012 Act, there is a statutory duty upon the Keeper of the Land Register of Scotland to rectify any manifest inaccuracy of which he or she becomes aware.

Sasine Register

Title to all land in Scotland where the Keeper of the Registers of Scotland has not induced registration or no event has yet occurred to trigger registration in the Land Register is currently recorded in the General Register of Sasines. Title to such land is proved by establishing a chain of documentary evidence of title going back at least ten years. Where the land is affected by third party rights, some of those rights can be proved by documentary evidence or by proof of continuous exercise of the rights for a prescribed period and do not require registration. However, other rights (including standard securities) would have to be recorded in the Sasine Register in order to be effective against a subsequent purchaser of the land.

Taking security over land

A heritable creditor must register its standard security in the Land Register (or the Sasine Register for registrations prior to 1 April 2016) in order to perfect its security and secure priority over any subsequent standard security. Until such registration occurs, a standard security will not be effective against a subsequent purchaser or the heritable creditor under another standard security over the property. Priority of standard

securities is (subject to express agreement to the contrary between the security holders) governed by the date of registration rather than the date of execution. However, a prospective heritable creditor is able to obtain a protected period (similar to a priority period in England and Wales) within which to register its standard security. If the heritable creditor submits a proper application for registration during this period, its interest will take priority over any application for registration of another standard security which is received by the Registers of Scotland during this protected period.

The seller as heritable creditor

The sale of the Scottish mortgages by the seller to the mortgages trustee has been given effect by a number of declarations of trust by the seller (and any sale of Scottish mortgages in the future will be given effect by further declarations of trust), by which the beneficial interest in the Scottish mortgages is transferred to the mortgages trustee. Such beneficial interest (as opposed to the legal title) cannot be registered in the Land or Sasine Registers. The consequences of this are explained in the section "**Risk factors—There may be risks associated with the fact that the mortgages trustee has no legal title to the mortgages, which may adversely affect the payments on the Master Issuer notes**".

Enforcement of mortgages

If a borrower defaults under a Scottish loan, the Scottish mortgage conditions provide that all monies under the loan will become immediately due and payable. The seller or its successors or assignees would then be entitled to recover all outstanding principal, interest and fees under the obligation of the borrower contained in the Scottish mortgage conditions to pay or repay those amounts. In addition, the seller or its successors or assignees may enforce, subject to taking various preliminary steps to attempt to resolve the borrower's position and observing certain procedural requirements, its standard security in relation to the defaulted loan. Enforcement may occur in a number of ways, including the following (all of which arise under the 1970 Act):

- The heritable creditor may enter into possession of the property. If it does so, it does so in its own right and not as agent of the borrower, and so may be personally liable for mismanagement of the property and to third parties as occupier of the property.
- The heritable creditor may grant a lease over the property of up to seven years (or longer with the courts' permission) to third parties.
- The heritable creditor may sell the property, subject to various duties to ensure that the sale price is the best that can reasonably be obtained. The purchaser of a property sold pursuant to a heritable creditor's power of sale becomes the owner of the property.
- The heritable creditor may, in the event that a sale cannot be achieved, foreclose on the property. Under foreclosure procedures the borrower's title to the property is extinguished so that the heritable creditor becomes the owner of the property. The remedy is however rarely used.

In contrast to the position in England and Wales, the heritable creditor has no power to appoint a receiver under the standard security.

There is a requirement for a court order to enforce a standard security securing a loan to the extent that the credit agreement is regulated by the consumer credit regime or treated as such or, on and from the regulation effective date, is a regulated mortgage contract that would otherwise be regulated by the consumer credit regime or treated as such.

See also "**Material Legal Aspects of the Loans "Home Owner and Debtor Protection (Scotland) Act 2010"**" below for a description of additional requirements in relation to the enforcement of standard securities over residential property in Scotland.

Borrower's right of redemption

Under Section 11 of the Land Tenure Reform (Scotland) Act 1974 the grantor of any standard security over residential property has an absolute right, on giving appropriate notice, to redeem that standard security once it has subsisted for a period of 20 years, subject only to the payment of certain sums specified in Section

11 of that Act. These specified sums consist essentially of the principal monies advanced by the lender, interest thereon and expenses incurred by the lender in relation to that standard security.

MATERIAL INFORMATION RELATING TO THE REGULATION OF MORTGAGES IN THE UK

The following discussion is a summary of the material legal aspects of English and Scottish residential property loans and mortgages. It is not an exhaustive analysis of the relevant law.

Unfair relationships

Under the Consumer Credit Act 2006, the earlier "extortionate credit" regime under the CCA was replaced by an "unfair relationship" test. The "unfair relationship" test is set out in section 140A of the CCA and applies to all existing and new credit agreements, except regulated mortgage contracts under the FSMA, and also applies to (as described below) "consumer credit back book mortgage contracts". If the court makes a determination that the relationship between a lender and a borrower is unfair, then it may make an order, among other things, requiring the originator, or any assignee (such as the mortgages trustee), to repay amounts received from such borrower. In applying the "unfair relationship" test, the courts are able to consider a wider range of circumstances surrounding the transaction, including the conduct of the creditor (or anyone acting on behalf of the creditor) before and after making the agreement or in relation to any related agreement. There is no statutory definition of the word "unfair" in the CCA as the intention is for the test to be flexible and subject to judicial discretion and it is therefore difficult to predict whether a court would find a relationship "unfair". However, the word "unfair" is not an unfamiliar term in UK legislation due to the UTCCR and the CRA (each as defined below). The courts may, but are not obliged to, look solely to the CCA for guidance. The principle of "treating customers fairly" under the FSMA, and guidance published by the FSA and, as of 1 April 2013, the FCA on that principle, as well as former guidance by the OFT on the unfair relationship test, may also be relevant. Under the CCA, once the debtor alleges that an "unfair relationship" exists, the burden of proof is on the creditor to prove the contrary.

Plevin v Paragon [2014] UKSC 61 (*Plevin*), a Supreme Court judgment, has clarified that compliance with the relevant regulatory rules by the creditor (or a person acting on behalf of the creditor) does not preclude a finding of unfairness, as a wider range of considerations may be relevant to the fairness of the relationship than those which would be relevant to the application of the rules. Where add on products such as insurance are sold and are subject to a significant commission payments, it is possible that the non-disclosure of commission by the lender is a factor that could form part of a finding of unfair relationship.

If a mortgage loan subject to the unfair relationship test is found to be unfair, the court has a wide range of powers and may require the lender (and any associate or former associate of the lender) to repay sums to the debtor, or to do, not do or cease doing anything in relation to the agreement or any related agreement, and may require the lender to reduce or discharge any sums payable by the debtor or surety, return to a surety any security provided by it, alter the terms of the agreement, direct accounts to be taken or otherwise set out aside any duty imposed on the debtor or surety. The term creditor (i.e. lender as defined under section 189 of the CCA) means the person providing the credit under a consumer credit agreement or the person to whom their rights and duties under the agreement have passed by assignment or operation of law.

FCA Consumer Duty

The FCA has published rules and guidance on a broad consumer duty that firms undertaking regulated activities with retail clients must observe (**Consumer Duty**), which aims to set a higher level of consumer protection in retail financial markets.

The Consumer Duty applies to the regulated activities and ancillary activities of all firms authorised under the FSMA.

The Consumer Duty has three elements: (i) a Consumer Principle, which reflects the overall standards of behaviour the FCA expects from firms (a firm must act to deliver good outcomes for retail customers), (ii) three cross-cutting rules that articulate the standards of conduct expected under the Consumer Principle (firms must act in good faith towards retail customers, avoid causing foreseeable harm to retail customers and enable and support retail customers to pursue their financial objectives), and (iii) four outcomes that build on the Consumer Principle and cross-cutting rules, comprising a suite of rules and guidance setting more detailed expectations for a firm's conduct in four areas that represent the key elements of the firm-consumer relationship (product design and governance, price and value, consumer understanding and consumer support). The Consumer Duty applies not only at origination of a product but throughout its subsistence (so in the case of a

mortgage loan, throughout the period the mortgage loan is outstanding). The cross-cutting rules include an obligation to avoid causing foreseeable harm to the consumer and the outcomes include an obligation to ensure that the product (for example, a mortgage loan) provides fair value to the retail customer. These obligations (as with the remainder of the Consumer Duty) must be assessed on a regular basis throughout the life of the product.

The Consumer Duty applies in respect of Regulated Mortgage Contracts (as well as loans falling within the consumer credit regime). It will apply to product manufacturers and distributors, which include purchasers of in scope mortgage loans, as well as firms administering or servicing those mortgage loans. Although the Consumer Duty will not apply retrospectively, the FCA will require firms to apply the Consumer Duty to existing products on a forward-looking basis. It is not yet possible to predict the precise effect of the new Consumer Duty on the loans with any certainty.

The Santander UK Group has completed the first phase of the implementation of the Consumer Duty which required a review of, and changes to, the Santander UK Group's products, services, policies, systems and procedures against the FCA requirements. The second phase of the implementation of the Consumer Duty is due by 31 July 2024 being the date on which the Consumer Duty applies to closed products and services, and accordingly focuses on such products and services. The Consumer Duty affects elements of the Santander UK Group's business model and strategy, the products and services it offers and the pricing or costs of those products and services, which may in turn affect the revenue and profits that the Santander UK Group is able to generate. It may result in an increase in civil litigation or claims to the FOS by customers alleging a breach of the standards of the Consumer Duty or in regulatory action by the FCA. The FCA has indicated that an early area of focus for them will be to look at firms' complaints data, in order to identify where the FOS uphold high numbers of complaints, and that it will hold firms accountable to ensure complaints are dealt with fairly and that robust mechanisms are in place to learn from the root causes of complaints. The FCA will continue to work across sectors to test how the Consumer Duty has been implemented and embedded within firms and will be looking for changes in culture across firms and evidence on how firms ensure customers receive good outcomes at any point when they interact with a firm. Where the FCA identifies serious breaches of the Consumer Duty, it has stated that it will take robust action, including interventions, investigations and possibly disciplinary sanctions. If the Santander UK Group is not able to demonstrate continuous learning and improvement when it comes to customer experience and outcomes, and compliance with the Consumer Duty more broadly, it could lead to regulatory actions by the FCA and reputational damage arising from adverse publicity.

PPI

The FCA set a deadline of 29 August 2019 by which consumers needed to make any payment protection insurance complaints or lose their right to have them assessed by firms or the FOS (although consumers continue to be able to bring claims in court). There is still a possibility that such deadline could be challenged in court.

A consumer may be able to also still submit a complaint if they were sold the PPI policy after 29 August 2017, the complaint is about a claim being turned down by an insurer or the consumer can clearly show that there were exceptional circumstances that prevented them from making a complaint by the deadline.

FCA response to the cost of living crisis

On 16 June 2022, the FCA sent a "Dear CEO" letter which stated that the FCA consider that the Mortgages Tailored Support Guidance published on 25 March 2021 (the **Mortgages Tailored Support Guidance**) which was issued to address exceptional circumstances arising out of coronavirus, is also relevant for borrowers in financial difficulties due to other circumstances such as the rising cost of living. Therefore, if a borrower indicates that they are experiencing or reasonably expect to experience payment difficulties due to the rising cost of living, the FCA have said that lenders should offer prospective forbearance to enable them to avoid, reduce, or manage any payment shortfall that would otherwise arise. This includes borrowers who have not yet missed a payment.

The Mortgages Tailored Support Guidance emphasises the MCOB requirement that a lender must not repossess a property unless all other reasonable attempts to resolve the position have failed. It further stated that mortgage lenders must also establish and implement clear, effective and appropriate policies and procedures for the fair and appropriate treatment of borrowers whom the lender understands, or reasonably

suspects, to be particularly vulnerable. The Mortgages Tailored Support Guidance also confirms the FCA's expectation that action to seek possession should be a last resort.

In addition, the FCA proposed that lenders considering or resuming possession proceedings, should support and enable borrowers to disclose circumstances that might make them particularly vulnerable to repossession action at this time - and to consider whether additional care may be required as a result.

On 13 March 2023, the FCA published finalised guidance: "Guidance for firms supporting their existing mortgage borrowers impacted by the rising cost of living" (FG23/2). The FCA stated that the purpose of the finalised guidance was to ensure that lenders are clear about the effect of the FCA rules and the range of options lenders have to support their customers including those who are facing higher interest rates alongside the rising cost of living. The FCA have said that the guidance clarifies the effect of their existing rules and principles and is not intended to set new expectations or requirements of lenders or to repeat the position set out in other documents such as the expectations around repossessions or the treatment of vulnerable customers. It explains how lenders can support borrowers in, or at risk of, payment difficulty and confirms the flexibility lenders have under FCA rules and guidance to support borrowers in different ways.

FCA Policy Statement PS24/2

On 10 April 2024 the FCA published policy statement PS24/2 titled 'Strengthening protections for borrowers in financial difficulty: Consumer credit and mortgages, Feedback to CP23/13 and final rules' which confirms the FCA's final rules and summarises feedback received during the consultation and the FCA's response. The consultation included proposals to incorporate aspects of the FCA's coronavirus Tailored Support Guidance ("TSG") into the FCA Handbook, as well as further targeted changes to support customers in financial difficulty. The new rules are to come into force on 4 November 2024 with the TSG to be withdrawn at the same time.

For mortgages, the FCA is finalising changes to MCOB 13.3 requiring firms to consider support for customers who indicate they are at risk of falling into payment shortfall, or where the firm otherwise becomes aware the customer may be at risk of falling into payment shortfall. The FCA is finalising its rules to add to the non-exhaustive list of forbearance options in MCOB 13.3.4AR, as well as introducing guidance so that firms should be transparent about the range of forbearance options they "may" consider, rather than "will" consider and display this information in a prominent location on firm websites. The FCA is also finalising the rules to require firms to take into account the effect of potential forbearance arrangements on the customer's overall balance and take reasonable steps to ensure that any arrangements remain appropriate. The FCA is also finalising the guidance in MCOB 13.3.4CG that firms should take account of customers' wider indebtedness when considering potential arrangements, which includes the impact of a customer failing to maintain other priority debt payments, and share income and expenditure assessments with the customer where possible.

The FCA is also amending its capitalisation guidance to make it clearer that firms can agree to capitalise a payment shortfall in certain circumstances in line with the customer's best interests, rather than only where no other option is realistically available to help the customer. The FCA is not prescribing how firms determine whether a customer is able to afford the capitalised payments, as they want firms to use their discretion based on the customer's individual circumstances.

The final rules will also require firms to effectively communicate to any customer who has or may have payment difficulties the potential benefits of accessing free and impartial money guidance and debt advice, and the range of channels through which it is available. The FCA is also amending the record-keeping rules so that firms must keep adequate records of dealings with any customers who have or may have payment difficulties, which must include recordings of all telephone conversations (including video calls) between the firm and the customer which discuss any amount in arrears or any amount subject to payment shortfall charges. The FCA is not making its proposed changes to the provision of information requirements in MCOB 13.4. However, it is making changes to MCOB 13.5 so firms will be required to send regular statements (at least once a quarter) to all customers in arrears, regardless of whether the payment shortfall is attracting charges.

Mortgage Charter

On 26 June 2023, HM Treasury published the Mortgage Charter in light of the current pressures on households following interest rate rises and the cost-of-living crisis. The Mortgage Charter states that the UK's

largest mortgage lenders and the FCA have agreed with the Chancellor a set of standards that they will adopt when helping their regulated mortgage borrowers worried about high interest rates. The seller is a signatory to the Mortgage Charter and has agreed that, among other things, a borrower will not be forced to leave their home without their consent unless in exceptional circumstances, in less than a year from their first missed payment. In addition, lenders will permit borrowers who are up to date with their payments to: (i) switch to interest-only payments for six months; or (ii) extend their mortgage term to reduce their monthly payments and give borrowers the option to revert to their original term within six months by contacting their lender. These options can be taken by borrowers who are up to date with their payments without a new affordability check or affecting their credit score. The Mortgage Charter commitments do not apply to buy-to-let mortgages.

With the effect on and from 30 June 2023, the FCA has amended the MCOB to allow (rather than require) lenders to give effect to the MC Interest-only Agreement and the MC Extension Agreement. The amendments made by the FCA do not apply to second ranking mortgages or bridging loans. The FCA announced that it intends to review the impact of the rule changes within 12 months.

The charter is currently voluntary and adhering to it will be a decision for lenders to make individually.

Regulated Mortgage Contracts

In the UK, regulation of residential mortgage business under the FSMA came into force on 31 October 2004 (the **regulation effective date**). Entering into a regulated mortgage contract as a lender, arranging a regulated mortgage contract or advising in respect of a regulated mortgage contract, and administering regulated mortgage contracts, and/or agreeing to do any of those activities, are (subject to applicable exemptions) regulated activities under the FSMA and the FSMA 2000 (Regulated Activities) Order 2001 (as amended) (the **RAO**) requiring authorisation and permission from the FCA.

The original definition of a regulated mortgage contract was such that, if a mortgage contract was entered into on or after the regulation effective date but prior to 21 March 2016, it was a regulated mortgage contract under the RAO if: (a) the lender provided credit to an individual or to trustees; and (b) the obligation of the borrower to repay was secured by a first legal mortgage (or, in Scotland, a first ranking standard security) on land (other than timeshare accommodation) in the UK, and (c) at least 40% of which was used, or was 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 was 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, 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 or the borrower's parent, brother, sister, child, grandparent or grandchild (a **Related Person**).

There have been incremental changes to the definition of a "regulated mortgage contract" over time, including the removal of the requirement for the security to be first ranking.

The current definition of a regulated mortgage contract is such that, if a mortgage contract is entered into on or after 21 March 2016, the contract will be a regulated mortgage contract if, at the time it is entered into, the following conditions are met (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; (b) the contract provides for the obligation of the borrower to repay to be secured by a mortgage (or, in Scotland, heritable security) on land, (c) at least 40 per cent. of that land is used, or is intended to be used: (i) in the case of credit provided to an individual, as or in connection with a dwelling; or (ii) in the case of credit provided to a trustee who is not an individual, as or in connection with a dwelling by an individual who is a beneficiary of the trust, or by a Related Person (a **Regulated Mortgage Contract**). In relation to a contract entered into before 23:00 on 31 December 2020, 'land' means land in the UK or within the territory of an EEA state and in relation to a contract entered into on or after 23:00 on 31 December 2020, 'land' means land in the UK. Credit agreements which were originated before 21 March 2016, which were regulated by the CCA, and that would have been Regulated Mortgage Contracts had they been entered into on or after 21 March 2016 are 'consumer credit back book mortgage contracts' and are also therefore Regulated Mortgage Contracts (see "Regulation of residential secured lending").

On and from the regulation effective date, subject to any exemption, persons carrying on any specified regulated mortgage-related activities by way of business must be authorised under the FSMA. The specified activities currently are: (a) entering into a Regulated Mortgage Contract as lender; (b) administering a Regulated Mortgage Contract (administering in this context broadly means notifying borrowers of changes in mortgage payments and/or taking any necessary steps for the purposes of collecting payments due under a mortgage loan); (c) advising in respect of Regulated Mortgage Contracts; and (d) arranging Regulated Mortgage Contracts. Agreeing to carry on any of these activities is also a regulated activity. If requirements as to the authorisation of lenders and brokers are not complied with, a Regulated Mortgage Contract will be unenforceable against the borrower except with the approval of a court and the unauthorised person may commit a criminal offence. An unauthorised person who carries on the regulated mortgage activity of administering a Regulated Mortgage Contract that has been validly entered into may commit an offence, although this will not render the contract unenforceable against the borrower. The regime under the FSMA regulating financial promotions covers the content and manner of the promotion of agreements relating to qualifying credit and by whom such promotions can be issued or approved. In this respect, the FSMA regime not only covers financial promotions of Regulated Mortgage Contracts but also promotions of certain other types of secured credit agreements under which the lender is a person (such as an originator) who carries on the regulated activity of entering into a Regulated Mortgage Contract. Failure to comply with the financial promotion regime (as regards who can issue or approve financial promotions) is a criminal offence and will render the Regulated Mortgage Contract or other secured credit agreement in question unenforceable against the borrower except with the approval of a court.

The Seller is required to hold and holds authorisation and permission to enter into and to administer and, where applicable, to advise in respect of Regulated Mortgage Contracts. Brokers are in certain circumstances required to hold authorisation and permission to arrange and, where applicable, to advise in respect of Regulated Mortgage Contracts.

None of the Master Issuer, Funding or the mortgages trustee are, or propose to be, an authorised person under the FSMA. Under the RAO, the mortgages trustee does not require authorisation in order to acquire legal or beneficial title to a Regulated Mortgage Contract or a regulated credit agreement. None of the Master Issuer, Funding or the mortgages trustee carry on the regulated activity of administering (servicing) Regulated Mortgage Contracts because the loans are serviced pursuant to the servicing agreement by the servicer, which has the required FCA authorisation and permission under the FSMA. If the servicing agreement terminates, however, the Master Issuer, Funding and the mortgages trustee will have a period of not more than one month (beginning on the day on which such arrangement terminates) in which to arrange for the loans to be serviced by a replacement servicer having the required authorisation and permission under the FSMA. During that period, the mortgages trustee will also be exempt from the authorisation requirement in respect of any debt-counselling, debt administration or debt-collecting activities it carries out. In addition, no variation may be made to the loans in the portfolio and no further advance or product switch has been or will be made in relation to a loan in the portfolio, where this would result in the Master Issuer, Funding, or the mortgages trustee arranging or advising in respect of, administering (servicing) or entering into a Regulated Mortgage Contract debt-counselling or debt-collecting or performing debt administration in respect of, an unregulated first charge mortgage or agreeing to carry on any of these activities, if the Master Issuer, Funding or the mortgages trustee would be required to be authorised under the FSMA to do so. Pursuant to the servicing agreement, the servicer administers the loans and the servicer has the requisite FSMA authorisation and permission to enable it to undertake such activities.

The MCOB, which sets out the FCA's rules for regulated mortgage activities, came into force on 31 October 2004. These rules cover, among other things, certain pre origination matters such as financial promotion and pre application illustrations, pre contract and start of contract and post contract disclosure, contract changes, charges and arrears and repossessions. Further rules for prudential and authorisation requirements for mortgage firms, and for extending the appointed representatives regime to mortgages, came into force on 31 October 2004.

A borrower who is a private person may be entitled to claim damages for loss suffered as a result of any contravention by an authorised person of an FCA or PRA rule and may set off the amount of the claim against the amount owing by the borrower under the loan or any other loan that the borrower has taken with that authorised person (or exercise analogous rights in Scotland or Northern Ireland).

Any regulated activities carried on by an entity which is not authorised under the FSMA would be in breach of the general prohibition on conducting unauthorised regulated activities in section 19 of FSMA and

would be a criminal offence. In addition to criminal offences, the FCA may take civil action against a firm which breaches section 19 of FSMA with, potentially, the imposition of unlimited fines.

Changes to mortgage regulation and to the regulatory structure in the UK

The final rules in relation to the FCA Mortgage Market Review (**MMR**) generally came into force on 26 April 2014. These rules required a number of material changes to the mortgage sales process, both in terms of advice provision in nearly all scenarios and significantly enhanced affordability assessment and evidencing.

These rules required a number of material changes to the mortgages sales process, both in terms of advice provision in nearly all scenarios and significantly enhanced affordability assessment and evidencing. The rules permit interest-only loans, however, in relation to regulated mortgage contracts, there is a clear requirement for a clearly understood and credible strategy for repaying the capital (evidence of which the lender must obtain before making the loan).

The Santander UK Group has implemented certain changes to implement the mortgage market review requirements. The FCA continues to assess firms' implementation of the rules introduced as a result of the mortgage market review and to review of responsible lending practices. This is in addition to regulatory reforms being made as a result of the implementation of the Mortgage Credit Directive from 21 March 2016.

It is possible that further changes may be made to the MCOB rules as a result of these reviews and other related future regulatory reforms. To the extent that any new rules do apply to any of the loans, failure to comply with these rules may entitle a borrower to claim damages for loss suffered or set-off the amount of the claim against the amount owing under the loan.

Under the Financial Services Act 2012: (a) the carrying on of servicing activities in certain circumstances by a person exercising the rights of the lender without FCA permission to do so renders the credit agreement unenforceable, except with FCA approval; and (b) the FCA has the power to make rules to render unenforceable contracts made in contravention of its rules on cost and duration of credit agreements or in contravention of its product intervention rules. This Act also provides for formalised cooperation to exist between the FCA and the Ombudsman (as described below), particularly where identified issues potentially have wider implications, with a view to the FCA requiring affected firms to operate consumer redress schemes.

Distance Marketing of Financial Services

In the UK, the Financial Services (Distance Marketing) Regulations 2004 (the "**DM Regulations**") apply to, amongst other things, credit agreements entered into on or after 31 October 2004 by a "consumer" within the meaning of the DM Regulations by means of distance communication (i.e. without any substantive simultaneous physical presence of the lender and the borrower).

The DM Regulations (and MCOB in respect of activities related to regulated mortgage contracts) require suppliers of financial services by way of distance communication to provide certain information to consumers. This information generally has to be provided before the consumer is bound by a distance contract for the supply of the financial services in question and includes, but is not limited to, general information in respect of the supplier and the financial service, contractual terms and conditions, and whether or not there is a right of cancellation.

A regulated mortgage contract under the FSMA, if originated by a UK lender (who is authorised by the FCA) from an establishment in the UK, will not be cancellable under the DM Regulations but will be subject to related pre contract disclosure requirements in MCOB. Failure to comply with MCOB pre-contract disclosure rules could result in, amongst other things, disciplinary action by the FCA and claims for damages under Section 138D of FSMA. Certain other credit agreements will be cancellable under the DM Regulations if the borrower does not receive 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 beginning with (i) the day on which the contract is made (where all of the prescribed information has been provided prior to the contract being entered into); or (ii) the day after the day on which the last of the prescribed information is provided (where all of the prescribed information was not provided prior to the contract being entered into).

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

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

(a) the borrower is liable to repay the principal, and any other sums paid by or on behalf of the originator to the borrower under or in relation to the cancelled agreement, within 30 calendar days beginning with the day of the borrower sending 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 services actually provided in accordance with the contract only if; (i) the amount is in proportion to the extent of the service provided (in comparison with the full coverage of the contract) and is not such that it could be construed as a penalty; (ii) the borrower received certain prescribed information at the prescribed time about the amounts payable; and (iii) the originator did not commence performance of the contract before the expiry of the relevant cancellation period (unless requested to do so by the borrower); and

(c) any security provided in relation to the contract is to be treated as never having had effect.

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

In the UK, the Unfair Terms in Consumer Contracts Regulations 1999 as amended (the **1999 Regulations**), together with (in so far as applicable) the Unfair Terms in Consumer Contracts Regulations 1994 (together with the 1999 Regulations, the **UTCCR**), apply to agreements made on or after 1 July 1995 and before 1 October 2015 by a "consumer" within the meaning of the UTCCR, where the terms have not been individually negotiated. The Consumer Rights Act 2015 (the **CRA**) has revoked the UTCCR in respect of contracts made on or after 1 October 2015. In respect of contracts that (a) were entered into on or after 1 October 2015; or (b) were, since 1 October 2015, subject to a material variation such that they are treated as new contracts falling within the scope of the CRA, the CRA applies. The CRA is also applicable on or after 1 October 2015, to notices of variation, such as variation of interest rate under contracts.

UTCCR

The UTCCR and the CRA provide that a consumer (which would include a borrower under all or almost all of the loans) may challenge a term in an agreement on the basis that it is "unfair" under the UTCCR or the CRA as applicable and therefore not binding on the consumer (although the rest of the agreement will remain enforceable if it is capable of continuing in existence without the unfair term) and provide that a regulator may take action to stop the use of terms which are considered to be unfair. The FCA have stated that the finalised FCA guidance "*Fairness of variation terms in financial services consumer contracts under the Consumer Rights Act 2015*" applies equally to factors that firms should consider to achieve fairness under the UTCCR.

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

CRA

The main provisions of the CRA came into force on 1 October 2015 and applies to agreements made on or after that date. The CRA significantly reforms and consolidates consumer law in the UK. The CRA involves the creation of a single regime out of the Unfair Contract Terms Act 1977 (which essentially deals with attempts to limit liability for breach of contract) and the UTCCR for contracts entered into on or after 1 October 2015. The CRA has revoked the UTCCR in respect of contracts made on or after 1 October 2015 and introduced a new regime for dealing with unfair contractual terms as follows:

Under Part 2 of the CRA, an unfair term of a consumer contract (a contract between a trader and a consumer) is not binding on a consumer (an individual acting for purposes that are wholly or mainly outside that individual's trade, business, craft or profession). Additionally, an unfair notice is not binding on a consumer, although a consumer may rely on the term or notice if the consumer chooses to do so. A term will be unfair where, contrary to the requirement of good faith, it causes significant imbalance in the parties' rights and obligations under the contract to the detriment of the consumer. In determining whether a term is fair it is necessary to: (i) take into account the nature of the subject matter of the contract; (ii) refer to all the circumstances existing when the term was agreed; and (iii) refer to all of the other terms of the contract or any other contract on which it depends.

Schedule 2 of the CRA contains an indicative and non-exhaustive "grey list" of terms of consumer contracts that may be regarded as unfair. Notably, paragraph 11 lists "a term which has the object or effect of enabling the trader to alter the terms of the contract unilaterally without a valid reason which is specified in the contract", although paragraph 22 provides that this does not include a term by which a supplier of financial services reserves the right to alter the rate of interest payable by or due to the consumer, or the amount of other charges for financial services without notice where there is a valid reason if the supplier is required to inform the consumer of the alteration at the earliest opportunity and the consumer is free to dissolve the contract immediately.

A term of a consumer contract which is not on the "grey list" may nevertheless be regarded as unfair.

Where a term of a consumer contract is "unfair" it will not bind the consumer. However, the remainder of the contract, will, so far as is practicable, continue to have effect in every other respect. Where a term in a consumer contract is susceptible to multiple different meanings, the meaning most favourable to the consumer will prevail. It is the duty of the court to consider the fairness of any given term. This can be done even where neither of the parties to proceedings have explicitly raised the issue of fairness. Ultimately, only a court can decide whether a term is fair, however it may take into account relevant guidance published by the CMA or the FCA.

Regulatory developments

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

On 2 March 2015 and 2 June 2016, the FCA updated its online unfair contract terms library by removing some of its material (including the abovementioned guidance) relating to unfair contract terms. The FCA stated that such material "no longer reflects the FCA's views on unfair contract terms" and that firms should no longer rely on the content of the documents that had been removed.

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

In general, there is little reported case law on the UTCCR and/or the CRA and the interpretation of each is open to some doubt, particularly in the light of sometimes conflicting reported case law between English courts and the Court of Justice of the European Union. The broad and general wording of the CRA makes any assessment of the fairness of terms largely subjective and makes it difficult to predict whether or not a term would be held by a court to be unfair. It is therefore possible that any loans which have been made to borrowers covered by the UTCCR and/or the CRA may contain unfair terms which may result in the possible unenforceability of the terms of the underlying loans.

Competition

Competition authorities (which in the UK include the CMA, the FCA and the PSR) can run reviews and investigations into any aspect of the Santander UK Group's operations or the functioning of any markets in which the Santander UK Group operates, which could lead to the Santander UK Group being required to change the markets in which the Santander UK Group operates. In addition, the CMA's widening focus on market outcomes may also result in increased reviews by the CMA of the markets in which the Santander UK Group operates. On 25 April 2023, the UK government introduced the draft Digital Markets, Competition and Consumers Bill ("**DMCC**") to the UK Parliament, which proposes significant reforms to the powers of competition authorities in relation to the aforementioned investigations, including substantial new fining powers. The DMCC also introduces other wide-ranging reforms to the UK's competition, consumer protection and digital markets regulatory landscape, some of which could impact the Santander UK Group's business. For instance, the DMCC grants the CMA the power to directly determine whether certain consumer protection laws have been infringed without needing to go through the courts.

Decisions of the Ombudsman

Under the FSMA, the Ombudsman is required to make decisions on, inter alia, complaints relating to the activities and transactions under its jurisdiction on the basis of what, in the Ombudsman's opinion, would be fair and reasonable in all the circumstances of the case, taking into account, inter alia, law and guidance, rather than making determinations strictly on the basis of compliance with law.

Complaints properly brought before the Ombudsman for consideration must be decided on a case-by-case basis, with reference to the particular facts of any individual case. Each case is first 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 Ombudsman is required to make decisions on the basis of, among other things, the principles of fairness, and may order a monetary award to a complaining borrower.

Consumer Protection from Unfair Trading Regulations 2008

The Consumer Protection from Unfair Trading Regulations 2008 (the **CPUTR**) came into force in the UK on 26 May 2008 and prohibits certain practices which are deemed to be "unfair" within the terms of the CPUTR. Breach of the CPUTR does not (of itself) render an agreement void or unenforceable, but is a criminal offence punishable by a fine and/or imprisonment. The possible liabilities for misrepresentation or breach of contract in relation to the underlying credit agreements may result in irrecoverable losses on amounts to which such agreements apply. The Consumer Protection (Amendment) Regulations 2014 (SI No. 870/2014) came into force on 1 October 2014 and amended the CPUTR. 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.

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, replacing the regime for consumer credit under which second charge lending previously fell. The UK government concluded there was a strong case for regulating lending secured on a borrower's home consistently, regardless of whether it is secured by a first or subsequent charge. 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. This policy of regulating lending secured on a borrower's home consistently also meant that the UK government decided to change the regulatory regime for pre-2004 first charge loans regulated by the CCA. Mortgage regulation under FSMA began on 31 October 2004. Mortgages entered into before that date were regulated by the CCA, provided they did not exceed the financial threshold in place when they were entered into and were not otherwise exempt. Consequently, in November 2015, the UK government made legislation the effect of which was that the administration of and other activities relating to pre-October 2004 first charge mortgages which at that time were regulated by the CCA became regulated mortgage activities from 21 March 2017. The transfer 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 were not removed retrospectively. Unregulated mortgages which were originated before 31 October 2004 remain unregulated and are not regulated by virtue of the implementation of the Mortgage Credit Directive Order.

Credit agreements which were originated before 21 March 2016 which were regulated by the CCA and that would have been Regulated Mortgage Contracts had they been entered into on or after 21 March 2016 are defined by the Mortgage Credit Directive Order as "consumer credit back book mortgage contracts" and would also therefore be Regulated Mortgage Contracts. 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 were 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 were also retained. If interest was not chargeable under a consumer credit back book mortgage contract due to non-compliance with section 77A of the CCA (duty to serve an annual statement) or section 86B of the CCA (duty to serve a notice of sums in arrears (NOSIA)), once the consumer credit back book mortgage contract became regulated by FSMA under the Mortgage Credit Directive Order as of 21 March 2016, the sanction of interest not being chargeable under section 77A of the CCA and section 86D of the CCA ceased 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 the 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). This process is subject to detailed transitional provisions that are intended to retain certain customer protections in CONC and the CCA that are not contained within MCOB.

The seller has given or, as applicable, will give warranties to the mortgages trustee and others in the mortgage sale agreement that, *inter alia*, each loan and its related security is enforceable (subject to certain exceptions). If a loan or its related security does not materially comply with these warranties, and if the default cannot be or is not cured within 20 days, then the seller will, upon receipt of notice from the mortgages trustee, be required to repurchase the loans under the relevant mortgage account and their related security.

Home Owner and Debtor Protection (Scotland) Act 2010

The Home Owner and Debtor Protection (Scotland) Act 2010 (the **2010 Act**) enacted by the Scottish Parliament contains provisions imposing additional requirements on heritable creditors (the Scottish equivalent to mortgagees) in relation to the enforcement of standard securities over residential property in Scotland. The 2010 Act amends the Conveyancing and Feudal Reform (Scotland) Act 1970, which permitted a heritable creditor to proceed to sell the secured property where the formal notice calling up the standard security had expired without challenge (or where a challenge had been made but not upheld). Under the 2010 Act the heritable creditor is required to obtain a court order to exercise its power of sale, unless the borrower and any other occupiers have surrendered the property voluntarily. In addition, the 2010 Act requires the heritable

creditor in applying for a court order to demonstrate that it has taken various preliminary steps to attempt to resolve the borrower's position, as well as imposing further procedural requirements. This may restrict the ability of the seller as heritable creditor of the Scottish mortgages to exercise its power of sale.

Protocol on repossessions, protection of tenants on repossessions

The pre-action protocol for mortgage repossession cases in England and Wales, which came into force on 6 April 2015, sets out the steps that judges will expect any lender to take before starting a claim. A number of mortgage lenders, including the seller, have confirmed that they will delay the initiation of repossession action for at least six months after a borrower, who is an owner-occupier, is in arrears. The application of such a moratorium may be subject to the wishes of the relevant borrower and may not apply in cases of fraud. In addition, the Mortgage Repossessions (Protection of Tenants etc) Act 2010 came into force on 1 October 2010. The 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. In addition, under the protocols the lender must consider whether to postpone the start of a possession claim where the borrower has made a genuine complaint to the Ombudsman about the potential possession claim. The lender has to serve notice at the property before enforcing a possession order.

In addition, MCOB rules for Regulated Mortgage Contracts from 25 June 2010 prevent the lender from: (a) repossessing the mortgaged property unless all other reasonable attempts to resolve the position have failed, which include considering whether it is appropriate to offer an extension of the term, change in product type; and (b) automatically capitalising a payment shortfall.

The Coronavirus (Recovery and Reform) (Scotland) Act 2022 makes permanent certain changes made during the COVID-19 pandemic by the Coronavirus (Scotland) Act 2020. These include amending the Private Housing (Tenancies) (Scotland) Act 2016 such that (i) various mandatory grounds for eviction, including the landlord's intention to sell the property, are now discretionary, to allow the First Tier Tribunal flexibility in dealing with eviction cases, and (ii) the minimum notice period is 28 days in certain circumstances, including where the tenant no longer occupies the property, but otherwise the notice period is 84 days. In addition, in assessing whether it is reasonable to make an eviction order on the grounds of rent arrears, the First Tier Tribunal must consider the extent to which the landlord has complied with pre-action requirements before applying for the eviction order. There are similar provisions for assured and other tenancies.

Delays to landlords seeking possession of the property may result in less rental income being available to meet the Borrower's repayment obligations in respect of the Loans.

Breathing Space Regulations

The Debt Respite Scheme (Breathing Space Moratorium and Mental Health Crisis Moratorium) (England and Wales) Regulations 2020 (SI 2020/1311) (**Breathing Space Regulations**) (which came into force on 4 May 2021) gives eligible individuals in England and Wales the right to legal protection from their creditors, including almost all enforcement action, during a period of "breathing space". A standard breathing space will give an individual in England and Wales with problem debt legal protection from creditor action for up to 60 days; and a mental health crisis breathing space will give an individual in England and Wales protection from creditor action for the duration of their mental health crisis treatment (which is not limited in duration) plus an additional 30 days.

However, the Breathing Space Regulations do not apply to mortgages, except for arrears which are uncapitalised at the date of the application under the Breathing Space Regulations. Interest can still be charged on the principal secured debt during the breathing space period, but not on the arrears. Any mortgage arrears incurred during any breathing space period are not protected from creditor action. The Borrower must continue to make mortgage payments in respect of any mortgage secured against their primary residence (save in respect of arrears accrued prior to the moratorium) during the breathing space period, otherwise the relevant debt adviser may cancel the breathing space period.

In February 2021, the FCA issued a policy statement (PS21/1) on the application of the Breathing Space Regulations, in which they confirm that no changes are currently being made to the rules under MCOB, in relation to how mortgage lenders should treat a "breathing space" as an indicator of payment difficulties.

The FCA's view is that this is something that firms should take into account, but should not be treated more specifically than other potential indicators of payment difficulties.

In Scotland, eligible individuals are currently afforded similar legal protection under the Bankruptcy (Scotland) Act 2016 although the moratorium period of six months is longer than in England and Wales and does not make any accommodation for mental health crisis. The Scottish Government has however introduced the Bankruptcy and Diligence (Scotland) Bill which, if enacted, will permit regulations to be made for the introduction of a similar form of moratorium in Scotland as currently exists under the Breathing Space Regulations. It is anticipated that the Bankruptcy and Diligence (Scotland) Bill will come into force by summer 2024, although regulations on the proposed moratorium will likely follow later.

The impact these changes will have in relation to the collection and recovery of loans to retail and corporate customers who are in financial difficulty or default continues to evolve.

Mortgage Prisoners

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

Under Policy Statement PS19/27 which came into effect on 28 October 2019, the FCA have amended their responsible lending rules and guidance to help remove potential barriers to borrowers switching to a more affordable mortgage and to reduce the time and costs of switching for all relevant borrowers. The changes will mean that mortgage lenders can choose to carry out a modified affordability assessment where a consumer has a current mortgage, is up-to-date with their mortgage payments (and has been for the last 12 months), does not want to borrow more, other than to finance any relevant product, arrangement or intermediary fee for that mortgage and is looking to switch to a new mortgage deal on their current property. Further, inactive lenders and administrators acting for unregulated entities (such as the Master Issuer), must review their customer books and develop and implement a communication strategy for contacting relevant borrowers to tell them it could be simpler for them to remortgage. The communication exercise must have been completed by 15 January 2021.

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

Assured Shorthold Tenancy

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

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

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

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

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

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

Currently, however, there is a possibility that where:

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

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

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

The AT and AST do not form part of the laws of Northern Ireland. Equivalent provisions relating to Protected Tenancies and Statutory Tenancies in Northern Ireland are contained in the Rent (Northern Ireland) Order 1978 as amended.

Sustainability developments

Banco Santander S.A. is a founding member of the UN-convened Net Zero Banking Alliance committing Santander UK Group Holdings plc to set and disclose decarbonisation targets for most greenhouse gas intensive sectors and has committed to becoming a net zero bank by 2050. In order to fulfil these ambitions and reach the relevant targets or any other climate related ambitions or targets the Santander UK Group may commit to in future, the Santander UK Group will need to incorporate climate considerations into its strategy, business model, the products and services it provides to customers and its financial and non-financial risk management processes (including processes to measure and manage the various financial and non-financial risks the Santander UK Group faces as a result of climate change).

On 2 March 2022, the EBA published a report on developing a specific framework for sustainable securitisation. It was mandated to do so pursuant to the amendments introduced by Regulation (EU) No 2021/557 to the EU Securitisation Regulation. The report made a number of recommendations, including: (i) that securitisation should remain eligible under the EU Green Bond Standard (a legislative proposal published by the European Commission on 6 July 2021) with certain adjustments (the **EU GBS**), (ii) that it would be too

early (at this stage) to establish a dedicated framework for green true-sale securitisation in addition to the EU GBS, although the report has included design considerations for establishing a dedicated framework, (iii) the EBA should be further mandated to evaluate the relevance and possible design of a dedicated framework for social securitisation once an EU social bond framework has been developed; and (iv) extend existing (voluntary) ESG disclosure requirements which currently apply (under the EU Securitisation Regulation) to STS securitisations to non-STs securitisations and, once the EU sustainable securitisation market has further matured, introduce ESG-related disclosures on a mandatory basis. Developments since the EBA report include (a) the EU Taxonomy Environmental Delegated Act has applied from 1 January 2024 and which, among other things, sets the technical screening criteria of the four other environmental objectives of the Taxonomy Regulation and (b) the EU Green Bond Regulation which will apply from 21 December 2024) and which, among other things, introduces the “European Green Bond Standard” designation as well as a system of registration and supervision of external reviewers of European Green Bonds.

The above developments do not apply in the UK, although the UK government has committed in the Green Finance Strategy to at least match the ambition of the objectives of the EU Sustainable Finance Action Plan and adopt a green taxonomy aligned with the EU approach. In their report published in December 2021, pursuant to Article 46 of the UK Securitisation Regulation, HM Treasury noted that any additional environmental disclosure requirements would be subject to availability, as is the case for the UK Securitisation Regulation's current requirements. It also noted, similar to the EBA report, that developing any effective green securitisation framework would necessitate coordinated work with related initiatives such as the UK green taxonomy and that it does not expect to set up a green securitisation framework in the immediate future.

Potential effects of any additional regulatory changes

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

No assurance can be given that additional regulatory changes by the CMA, the FCA, the Ombudsman or any other regulatory authority will not arise with regard to the mortgage market in the UK generally or specifically in relation to the seller.

UK TAXATION

The comments below, which are of a general nature and based on current UK tax law and HM Revenue & Customs published practice, describe only the UK withholding tax treatment of payments of interest (as that term is understood for UK tax purposes) in respect of the Master Issuer notes. They do not deal with any other UK tax implications of acquiring, holding or disposing of Master Issuer notes. Ashurst LLP, UK tax advisers to the Master Issuer (**UK tax counsel**), has prepared and reviewed this summary and the opinions of UK tax counsel are contained in this summary. The UK tax treatment of prospective noteholders depends on their individual circumstances and may be subject to change in the future. Prospective noteholders who are unsure as to their tax position or who may be subject to tax in a jurisdiction other than the UK should seek their own professional advice.

Payment of interest on the Master Issuer notes

Payments of interest on the Master Issuer notes which carry a right to interest may be made without deduction or withholding on account of UK income tax provided that the Master Issuer notes are and continue to be listed on a "**recognised stock exchange**" within the meaning of Section 1005 of the Income Tax Act 2007 (the **ITA**). The London Stock Exchange is a recognised stock exchange. Securities will be treated as listed on the London Stock Exchange if they are included in the official list (within the meaning of and in accordance with the terms of Part 6 of the FSMA) and admitted to trading on the London Stock Exchange. Provided, therefore, that the Master Issuer notes which carry a right to interest are and remain so listed on a "recognised stock exchange" within the meaning of Section 1005 of the ITA, interest on the Master Issuer notes will be payable without withholding or deduction on account of UK income tax.

Interest on the Master Issuer notes may also be paid without withholding or deduction on account of UK tax where the maturity of the Master Issuer notes is less than 365 days from the date of issue and where Master Issuer notes do not form part of a scheme or arrangement of borrowing intended to be capable of remaining outstanding for more than 364 days.

In other cases, an amount must generally be withheld from payments of interest on the Master Issuer notes that has a UK source on account of UK income tax at the basic rate (currently 20 per cent.), subject to any other available exemptions and reliefs including where an applicable double tax treaty provides for a lower rate of withholding tax (or for no tax to be withheld) in relation to interest paid to a noteholder. If this is the case, HM Revenue & Customs can issue a notice to the Master Issuer to pay interest to the noteholder without deduction of tax (or for interest to be paid with tax deducted at the rate provided for in the relevant double tax treaty).

UNITED STATES TAXATION

*The following section discusses certain U.S. federal income tax consequences of the purchase, ownership and disposition of the Master Issuer notes that may be relevant to a noteholder that is a **United States person** (as defined later in this section) or that otherwise is subject to U.S. federal income taxation on a net income basis in respect of an Master Issuer note (any such United States person or holder, a **U.S. holder**). In general, this discussion assumes that a holder acquires an Master Issuer note at par at original issuance and holds such note as a capital asset. It does not purport to be a comprehensive description of all the tax considerations that may be relevant to a decision to purchase the Master Issuer notes. In particular, it does not discuss special tax considerations that may apply to certain types of taxpayers, including dealers in stocks, securities or notional principal contracts; traders in securities electing to mark to market; banks, savings and loan associations and similar financial institutions; tax-exempt entities; partnerships or other passthrough entities for U.S. federal income tax purposes; U.S. expatriates; non-U.S. residents present in the United States for 183 days or more in a taxable year; taxpayers that own (or are deemed to own) 10 per cent. or more of the shares by vote or value of the Master Issuer; taxpayers whose functional currency is other than the U.S. dollar; taxpayers that hold an Master Issuer note as part of a hedge or straddle or a conversion transaction, within the meaning of section 1258 of the U.S. Internal Revenue Code of 1986, as amended (the **Code**); and subsequent purchasers of Master Issuer notes. In addition, this discussion does not address alternative minimum or net investment income tax consequences, or consequences arising under special timing rules prescribed under section 451(b) of the Code; nor does it describe any tax consequences arising under the laws of any taxing jurisdiction other than the U.S. federal government.*

General

This discussion is based on the U.S. tax laws, regulations, rulings and decisions in effect or available on the date of this base prospectus. All of the foregoing are subject to change, and any change may apply retroactively and could affect the continued validity of this discussion.

Cleary Gottlieb Steen & Hamilton LLP, U.S. tax advisors to the Master Issuer (**U.S. tax counsel**), has prepared and reviewed this discussion of certain U.S. federal income tax consequences. As described under "**—Tax status of the Master Issuer, Funding, mortgages trustee and the mortgages trust**", U.S. tax counsel is of the opinion that the mortgages trustee acting as trustee of the mortgages trust, Funding and the Master Issuer will not be subject to U.S. federal income tax as a result of their contemplated activities. As described further under "**—Characterisation of the Master Issuer notes**" and "**—Master Issuer notes as debt of Funding**", it is anticipated that U.S. tax counsel will deliver their opinion, which will be contained in the relevant final terms, that although there is no authority on the treatment of instruments substantially similar to the Master Issuer rated notes, the Master Issuer rated notes to which the relevant final terms relate will be treated as debt (or, if indicated in the relevant final terms, should be treated as debt) for U.S. federal income tax purposes (either of the Master Issuer or of Funding, as described below). Except as described in the two preceding sentences (and set forth in the corresponding opinions), U.S. tax counsel will render no opinions relating to the Master Issuer notes or the parties to the transaction.

An opinion of U.S. tax counsel is not binding on the U.S. Internal Revenue Service (the **IRS**) or the courts, and no rulings will be sought from the IRS on any of the issues discussed in this section. Accordingly, persons considering the purchase of Master Issuer notes are encouraged to consult their own tax advisors as to the U.S. federal income tax consequences of the purchase, ownership and disposition of the Master Issuer notes to them, including the possible application of state, local, non-U.S. or other tax laws, and other U.S. tax issues affecting the transaction.

As used in this section, the term **United States person** means a person who is a citizen or resident of the United States, a U.S. domestic corporation, any estate the income of which is subject to U.S. federal income tax regardless of the source of its income, or any trust if a court within the United States is able to exercise primary supervision over the administration of the trust and one or more U.S. persons have the authority to control all substantial decisions of the trust.

Tax status of the Master Issuer, Funding, mortgages trustee and the mortgages trust

Under the transaction documents, each of the Master Issuer, Funding and the mortgages trustee acting in its capacity as trustee of the mortgages trust covenants not to engage in any activities in the United States (directly or through agents), not to derive any income from sources within the United States as

determined under U.S. federal income tax principles, and not to hold any property if doing so would cause it to be engaged or deemed to be engaged in a trade or business within the United States as determined under U.S. federal income tax principles. U.S. tax counsel is of the opinion that, assuming compliance with the foregoing restrictions, none of the Master Issuer, Funding or the mortgages trustee acting in its capacity as trustee of the mortgages trust will be subject to U.S. federal income tax. No elections will be made to treat the Master Issuer, Funding or the mortgages trust or any of their assets as a REMIC (a type of securitisation vehicle having a special tax status under the Code).

Characterisation of the Master Issuer notes

Subject to the discussion of U.S. taxation in the relevant final terms, it is anticipated that U.S. tax counsel will deliver its opinion, which will be contained in the relevant final terms, that although there is no authority regarding the treatment of instruments that are substantially similar to the Master Issuer rated notes to which the relevant final terms relate, the Master Issuer rated notes will be treated as debt (or, if indicated in the relevant final terms, should be treated as debt) for U.S. federal income tax purposes (either of the Master Issuer or of Funding, as described under "**—Master Issuer notes as debt of Funding**"). The Master Issuer intends to treat the Master Issuer notes (including any Master Issuer notes which are not Master Issuer rated notes) as debt of the Master Issuer for U.S. federal income tax purposes.

The discussion below assumes that the Master Issuer notes will be treated as debt for U.S. tax purposes. The Master Issuer notes will not be qualifying assets in the hands of domestic savings and loan associations, real estate investment trusts, or REMICs under sections 7701(a)(19)(C), 856(c)(5)(B) or 860G(a)(3) of the Code, respectively.

Taxation of U.S. holders of the Master Issuer notes

Qualified stated interest and original issue discount. Subject to the discussion of U.S. taxation in the relevant final terms, it is anticipated that a U.S. holder of an offered note will treat stated interest (if any) on the Master Issuer notes as ordinary interest income when paid or accrued, in accordance with its tax method of accounting, and that the Master Issuer notes (other than short-term notes as discussed below) will not be considered to have original issue discount.

If an interest payment is denominated in, or determined by reference to, a currency other than U.S. dollars (a **foreign currency**), the amount of income recognised by a cash basis U.S. holder will be the U.S. dollar value of the interest payment, based on the exchange rate in effect on the date of receipt, regardless of whether the payment is in fact converted into U.S. dollars. An accrual basis U.S. holder may determine the amount of income recognised with respect to an interest payment denominated in, or determined by reference to, a foreign currency in accordance with either of two methods. Under the first method, the amount of income accrued will be based on the average exchange rate in effect during the interest accrual period (or, with respect to an accrual period that spans two taxable years of a U.S. holder, the part of the period within the taxable year). Under the second method, the U.S. holder may elect to determine the amount of income accrued on the basis of the exchange rate in effect on the last day of the accrual period or, in the case of an accrual period that spans two taxable years, the exchange rate in effect on the last day of the part of the period within the taxable year. Additionally, if a payment of interest is actually received within five business days of the last day of the accrual period, an electing accrual basis U.S. holder may instead translate the accrued interest into U.S. dollars at the exchange rate in effect on the day of actual receipt. Any such election will apply to all debt instruments held by the U.S. holder at the beginning of the first taxable year to which the election applies or thereafter acquired by the U.S. holder, and will be irrevocable without the consent of the IRS.

Upon receipt of the interest payment (including a payment attributable to accrued but unpaid interest upon the sale or other disposition of an Master Issuer note) denominated in, or determined by reference to, a foreign currency, the U.S. holder will recognise U.S. source exchange gain or loss (taxable as ordinary income or loss) equal to the difference, if any, between the amount received (translated into U.S. dollars at the spot rate on the date of receipt) and the amount previously accrued, regardless of whether the payment is in fact converted into U.S. dollars.

Sales and retirement. In general, a U.S. holder of an Master Issuer note will have a basis in such note equal to the cost of the Master Issuer note to such holder, and reduced by any payments thereon other than payments of qualified stated interest (generally stated interest that is unconditionally payable in cash or in property (other than debt instruments of the issuer) at least annually at a single fixed rate). Upon a sale,

exchange or retirement of the Master Issuer note, a U.S. holder generally will recognise gain or loss equal to the difference between the amount realised on the sale, exchange or retirement (less any accrued interest, which will be taxable as such) and the holder's tax basis in the Master Issuer note. Such gain or loss will be long-term capital gain or loss if the U.S. holder has held the Master Issuer note for more than one year at the time of disposition. Long-term capital gains recognised by an individual holder generally are subject to tax at a lower rate than short-term capital gains or ordinary income. The deductibility of capital losses is subject to limitations.

Notes denominated in a non-U.S. dollar currency. A U.S. holder's basis in a Master Issuer note denominated in, or determined by reference to, a foreign currency will be determined by reference to the U.S. dollar cost of the Master Issuer notes. The U.S. dollar cost of a Master Issuer note purchased with a foreign currency will generally be the U.S. dollar value of the purchase price on the date of purchase (or, in the case of Master Issuer notes traded on an established securities market, as defined in the applicable U.S. Treasury regulations, that are purchased by a cash basis U.S. holder (or an accrual basis U.S. holder that so elects), on the settlement date for the purchase).

The amount realised on a sale or other disposition for an amount in foreign currency will be the U.S. dollar value of this amount on the date of sale or other disposition or, in the case of Master Issuer notes traded on an established securities market, as defined in the applicable U.S. Treasury regulations, sold by a cash basis U.S. holder (or an accrual basis U.S. holder that so elects), on the settlement date for the sale. Such an election by an accrual basis U.S. holder must be applied consistently from year to year and cannot be revoked without the consent of the IRS.

Gain or loss recognised by a U.S. holder on the sale or other disposition of a Master Issuer note that is attributable to changes in exchange rates will be treated as U.S. source ordinary income or loss. However, exchange gain or loss is taken into account only to the extent of total gain or loss realised on the transaction.

Foreign currency received as interest on a Master Issuer note or on the sale or other disposition of a Master Issuer note will have a tax basis equal to its U.S. dollar value at the time the interest is received or at the time of the sale or other disposition. Any gain or loss recognised on a sale or other disposition of a foreign currency (including its use to purchase Master Issuer notes or an exchange for U.S. dollars) will be U.S. source ordinary income or loss.

Short-term notes

For U.S. federal income tax purposes, none of the stated interest (if any) on a note with a term of one year or less (a **short-term note**) is treated as qualified stated interest, and such short-term notes are treated as having been issued with original issue discount (**OID**). In general, U.S. holders who report income for U.S. federal income tax purposes under the accrual method are required to accrue OID on short-term notes on a straight-line basis unless an election is made to accrue the OID under a constant yield method (based on a daily compounding). A U.S. holder who is an individual or other cash method holder is not required to accrue such OID unless such holder elects to do so. If such an election is not made, any gain recognised by such holder on the sale, exchange or maturity of such short-term obligations will be ordinary income to the extent of the holder's rateable share of OID accrued on a straight-line basis, or upon election under the constant-yield method (based on daily compounding), through the date of the sale, exchange or maturity.

Master Issuer notes as debt of Funding

The IRS could possibly seek to characterise the Master Issuer notes as ownership interests in the related term advance between the Master Issuer and Funding (the **related advance**), rather than as debt of the Master Issuer. If the IRS were successful in such a characterisation, a U.S. holder of a Master Issuer note would be treated as owning (a) a *pro rata* share of the related advance, which, in the case of any Master Issuer rated notes, will be treated as debt (or, if indicated in the relevant final terms, should be treated as debt) for U.S. federal income tax purposes and (b) an interest in the related Master Issuer dollar currency swap. U.S. Treasury regulations permit taxpayers meeting certain requirements to integrate a debt instrument and a related currency hedge and to treat them for most tax purposes as if they were a synthetic debt instrument having the terms of the debt instrument and hedge combined. Integrating the related advance and Master Issuer dollar currency swap would create a synthetic debt instrument having the characteristics of the Master Issuer notes and hence would produce largely the same result as if the Master Issuer notes were not recharacterised as debt of Funding.

The integration regulations apply only if a taxpayer creates a record identifying the debt instrument and hedge on or before the close of the date the hedge is entered into. The Master Issuer will create a record that is intended to provide such identification effective for each U.S. holder as of the date of acquisition of a Master Issuer note. By its acquisition of a Master Issuer note, each U.S. holder agrees to appoint the Master Issuer as its agent for this purpose. The IRS could challenge the effectiveness of such an identification made on behalf of a group of taxpayers. The integration rules would not apply to a U.S. holder that is related to any Master Issuer dollar currency swap provider.

If a Master Issuer dollar currency swap terminated before the Master Issuer notes were retired, and the integration regulations applied, then a U.S. holder may be considered to recognise gain or loss as if the holder had sold for fair market value his interest in the related advance. Moreover, for periods following such termination, the integration rules would no longer apply to the related advance except in the discretion of the IRS.

If any Master Issuer dollar currency swap was not integrated with the related advance, then a U.S. holder would calculate separately income and deductions from that Master Issuer dollar currency swap and income from the related advance. For most holders, the tax consequences of treating a Master Issuer dollar currency swap and the related advance separately would be similar to the treatment if they were combined, but there could be differences. For example, income from a Master Issuer dollar currency swap may be sourced differently from income from the related advance and would always be computed under an accrual method. In addition, individual taxpayers may not be allowed deductions for payments made under Master Issuer dollar currency swaps, and therefore they could have gross income in excess of cash received. U.S. holders may wish to consult their own tax advisors regarding the possible treatment of Master Issuer notes as debt of Funding, application of the integration rules, and the consequences of an inability to integrate a Master Issuer dollar currency swap and the related advance.

Alternative characterisation of Master Issuer notes as equity

The proper characterisation of the arrangement involving the Master Issuer and the holders of the Master Issuer notes is not clear because there is no authority on directly comparable transactions. The Master Issuer intends to treat the Master Issuer notes as debt for all U.S. federal income tax purposes. Prospective investors are encouraged to consult their own tax advisors regarding the tax consequences to them of an alternative characterisation of the Master Issuer notes for U.S. federal income tax purposes as equity.

The IRS could also seek to recharacterise such notes as equity in the Master Issuer for U.S. federal income tax purposes based on the view that the Master Issuer lacks substantial equity. This recharacterisation is less likely for Master Issuer rated notes than for unrated notes. If a class of Master Issuer notes were treated as equity, a U.S. holder of such notes would be treated as owning equity in a passive foreign investment company (**PFIC**) or, depending on the level of equity ownership by U.S. holders and certain other factors, a controlled foreign corporation (**CFC**). Treatment of a Master Issuer note as equity in a PFIC or CFC rather than a debt instrument for U.S. federal income tax purposes would have certain timing and character consequences to a U.S. holder and could require certain elections and disclosures that would need to be made shortly after acquisition to avoid potentially adverse U.S. tax consequences. In addition, each United States person that directly or indirectly owns an interest in a PFIC may be required to file an annual report with the IRS. Failure to file such report could result in the imposition of penalties on such United States person or extend the statute of limitation on related tax returns.

If a U.S. holder were treated as owning an equity interest in a PFIC, such holder will be subject to a special tax regime: (i) in respect of gains realised on the sale or other disposition of the relevant Master Issuer notes; and (ii) in respect of distributions on the relevant Master Issuer notes held for more than one taxable year to the extent those distributions constitute "excess distributions". An excess distribution generally includes dividends or other distributions received from a PFIC in any taxable year to the extent the amount of such distributions exceeds 125 per cent. of the average distributions for the three preceding years (or, if shorter, the investor's holding period). Because the Master Issuer notes may pay interest at a floating rate, it is possible that a U.S. holder will receive excess distributions as a result of fluctuations in the relevant reference rate over the term of the Master Issuer notes. In general, under the PFIC rules, a U.S. holder will be required to allocate such excess distributions and any gain realised on a sale of its Master Issuer notes to each day during the U.S. holder's holding period for the Master Issuer notes, and such distribution or gain will be taxable at the highest rate of taxation applicable to the Master Issuer notes for the year to which the excess distribution or gain is allocable (without regard to the U.S. holder's other items of income and loss for such taxable year) (the

deferred tax). The deferred tax (other than the tax on amounts allocable to the year of disposition or receipt of the distribution) will then be increased by an interest charge computed by reference to the rate generally applicable to underpayments of tax (which interest charge generally will be a non-deductible interest expense for individual taxpayers).

Generally, a U.S. holder treated as owning an equity interest in a PFIC can avoid the adverse tax consequences described above by making either a "QEF" election or a "mark-to-market" election. The Master Issuer does not intend to provide information that would enable a holder of a Master Issuer note to make a QEF election, and the mark-to-market election will only be available during any period in which the Master Issuer notes are "regularly traded" on a qualified exchange or other market.

The Master Issuer encourages U.S. investors in the Master Issuer notes to consult their own tax advisors regarding the possible application of the PFIC rules. The Master Issuer also encourages persons considering the purchase or ownership of 10 per cent. or more by vote or value of any class of Master Issuer notes (or combination of classes) that is treated as equity for U.S. federal income tax purposes to consult their own tax advisors regarding the U.S. tax consequences to them of such an acquisition under the special rules applicable to CFCs under the Code.

Foreign Financial Asset Reporting

Individual U.S. holders that own "specified foreign financial assets" with an aggregate value in excess of US\$50,000 on the last day of the taxable year or US\$75,000 at any time during the taxable year are generally required to file an information statement along with their tax returns, currently on Form 8938, with respect to such assets. "Specified foreign financial assets" include any financial accounts held at a non-U.S. financial institution, as well as securities issued by a non-U.S. issuer (which would include the Master Issuer notes) that are not held in accounts maintained by financial institutions. Higher reporting thresholds apply to certain individuals living abroad and to certain married individuals. Regulations extend this reporting requirement to certain entities that are treated as formed or availed of to hold direct or indirect interests in specified foreign financial assets based on certain objective criteria. U.S. holders who fail to report the required information could be subject to substantial penalties. In addition, the statute of limitations for assessment of tax would be suspended, in whole or part. Persons considering the purchase of Master Issuer notes are encouraged to consult with their own tax advisors regarding the possible application of these rules to their investment in the Master Issuer notes, including the application of the rules to their particular circumstances.

Reportable Transactions

A United States taxpayer that participates in a "reportable transaction" will be required to disclose its participation to the IRS. Under the relevant rules, if the Master Issuer notes are denominated in a foreign currency, a U.S. holder may be required to treat a foreign currency exchange loss from the Master Issuer notes as a reportable transaction if this loss exceeds the relevant threshold in the regulations (\$50,000 in a single taxable year, if the U.S. holder is an individual or trust, or higher amounts for other non-individual U.S. holders), and to disclose its investment by filing Form 8886 with the IRS. A penalty in the amount of \$10,000 in the case of a natural person and \$50,000 in all other cases is generally imposed on any taxpayer that fails to timely file an information return with the IRS with respect to a transaction resulting in a loss that is treated as a reportable transaction. U.S. holders are urged to consult their tax advisors regarding the application of these rules.

Information reporting and backup withholding

Information returns are required to be filed with the IRS with respect to payments on the Master Issuer notes made to certain U.S. holders. In addition, certain U.S. holders may be subject to U.S. backup withholding tax in respect of such payments if they do not provide their taxpayer identification numbers (usually on IRS Form W-9) to the withholding agent, and may also be subject to information reporting and backup withholding requirements with respect to proceeds from a sale of the Master Issuer notes.

U.S. holders should consult their tax advisors about any additional reporting requirements that may arise as a result of their purchasing, owning and disposing of Master Issuer notes.

U.S. Foreign Account Tax Compliance Act

The IRS has issued final regulations implementing sections of the Code commonly known as "**FATCA**" and the UK has entered into an intergovernmental agreement (the **U.S.-UK IGA**) with the United States relating to FATCA. Pursuant to the U.S.-UK IGA, the Master Issuer may be required to comply with certain reporting requirements. Noteholders may therefore be required to provide information and tax documentation regarding their identities as well as that of their direct and indirect owners and this information may be reported to the Commissioners for HMRC, which may then transmit the information to the IRS. Assuming the Master Issuer complies with any applicable reporting requirements pursuant to the U.S.-UK IGA, the Master Issuer should not be subject to FATCA withholding on payments it receives. Under the final regulations implementing FATCA, assuming the Master Issuer notes are treated as debt for U.S. federal income tax purposes and are not materially modified after issuance, payments on the Master Issuer notes that would otherwise be subject to FATCA withholding will not be subject to such withholding.

FATCA is particularly complex and its application to the Master Issuer is uncertain at this time. Each prospective noteholder should consult its own tax advisor to obtain a more detailed explanation of FATCA and to learn how FATCA might affect each noteholder in its particular circumstance.

ERISA CONSIDERATIONS

The Master Issuer notes may be eligible for purchase by employee benefit plans and other plans subject to the U.S. Employee Retirement Income Security Act of 1974, as amended (**ERISA**), and/or the provisions of section 4975, entities and accounts deemed to hold "plan assets" of the foregoing, of the Code and by governmental plans (as defined in section 3(32) of ERISA), certain church plans (as defined in section 3(33) of ERISA) and non-U.S. plans (as described in section 4(b)(4) of ERISA) that are subject to any state, local, other federal or non-U.S. law or regulation that is substantially similar to section 406 of ERISA and/or section 4975 of the Code (**Similar Law**), subject to consideration of the issues described in this section. The relevant final terms of the Master Issuer notes will describe their eligibility for purchase by such plan entities.

ERISA imposes certain requirements on employee benefit plans (as defined in section 3(3) of ERISA) subject to ERISA, including entities such as collective investment funds, and accounts, such as separate accounts, whose underlying assets include the assets of such plans (each, an **ERISA Plan**) and on those persons who are fiduciaries with respect to ERISA Plans. Investments by ERISA Plans are subject to ERISA's general fiduciary requirements, including the requirements of investment prudence and diversification and the requirement that an ERISA Plan's investments be made in accordance with the documents governing the ERISA Plan. The prudence of a particular investment must be determined by the responsible fiduciary of an ERISA Plan by taking into account the ERISA Plan's particular circumstances and all of the facts and circumstances of the investment including, but not limited to, the matters discussed under "**Risk factors**" and the fact that in the future there may be no market in which such fiduciary will be able to sell or otherwise dispose of the Master Issuer notes.

Section 406 of ERISA and section 4975 of the Code prohibit certain transactions involving the assets of an ERISA Plan (as well as those plans that are not subject to ERISA but which are subject to section 4975 of the Code, such as individual retirement accounts, and entities and accounts whose underlying assets include the assets of such plans (together with ERISA Plans, the **Plans**)) and certain persons (referred to as **parties in interest** under ERISA or **disqualified persons** under the Code) having certain relationships to such Plans, unless a statutory or administrative exemption is applicable to the transaction. A party in interest or disqualified person, including a plan fiduciary, who engages in a non-exempt prohibited transaction may be subject to excise taxes and other penalties and liabilities under section 406 of ERISA and/or section 4975 of the Code.

The seller, the Master Issuer, the servicer, the mortgages trustee, Funding or any other party to the transactions contemplated by the transaction documents may be parties in interest or disqualified persons with respect to many Plans. Prohibited transactions within the meaning of section 406 of ERISA and/or section 4975 of the Code may arise if any of the Master Issuer notes is acquired or held by a Plan with respect to which the Master Issuer, the servicer, the mortgages trustee, Funding or any other party to such transactions is a party in interest or a disqualified person. Certain exemptions from the prohibited transaction provisions of section 406 of ERISA and section 4975 of the Code may be applicable, however, depending in part on the type of Plan fiduciary making the decision to acquire any such notes and the circumstances under which such decision is made. Included among these exemptions are section 408(b)(17) of ERISA and section 4975(d)(20) of the Code (relating to transactions between a person that is a party in interest (other than a fiduciary or an affiliate that has or exercises discretionary authority or control or renders investment advice with respect to assets involved in the transaction) solely by reason of providing services to the plan, provided that there is adequate consideration for the transaction), Prohibited Transaction Class Exemption (**PTCE**) 91-38 (relating to investments by bank collective investment funds), PTCE 84-14 (relating to transactions effected by a "**qualified professional asset manager**"), PTCE 95-60 (relating to transactions involving insurance company general accounts), PTCE 90-1 (relating to investments by insurance company pooled separate accounts) and PTCE 96-23 (relating to transactions determined by in-house asset managers). Prospective investors should consult with their advisors regarding the prohibited transaction rules and these and other exemptions. There can be no assurance that any of these class exemptions or any other exemption will be available with respect to any particular transaction involving any such Master Issuer notes.

If Master Issuer notes are eligible for purchase by Plans and governmental, church or non-U.S. plans subject to Similar Law, each purchaser and subsequent transferee of any Master Issuer note (or interest therein) will be deemed by such purchase or acquisition of any such note (or any interest therein) to have represented, warranted and agreed, on each day from the date on which the purchaser or transferee acquires such note (or interest therein) through and including the date on which the purchaser or transferee disposes of such note (or interest therein), either that (a) it is not, and is not acting on behalf of or using the assets of,

and for so long as it holds such note (or any interest therein) will not be, and will not be acting on behalf of or using the assets of, a Plan or a governmental, church or non-U.S. plan which is subject to any Similar Law or (b) its acquisition, holding and disposition of such note (or interest therein) will not constitute or result in a prohibited transaction under section 406 of ERISA and/or section 4975 of the Code (or, in the case of a governmental, church or non-U.S. plan, a violation of any Similar Law) for which an exemption is not available.

If Master Issuer notes are not eligible for purchase by Plans and governmental, church or non-U.S. plans subject to Similar Law, each purchaser and subsequent transferee of any such note (or any interest therein) will be deemed by such purchase or acquisition of any such note (or interest therein) to have represented, warranted and agreed, on each day from the date on which the purchaser or transferee acquires such note (or interest therein) through and including the date on which the purchaser or transferee disposes of such note (or interest therein), that it is not, and is not acting on behalf of or using the assets of, a Plan or a governmental, church or non-U.S. plan which is subject to any Similar Law.

Each purchaser and transferee of any Master Issuer notes (or any interest therein) that is, or is acting on behalf of, a Plan, will be further deemed to represent, warrant and agree that (i) none of the transaction parties or any of their respective affiliates has provided any investment advice or recommendation to any fiduciary or other person investing the assets of the Plan ("**Plan Fiduciary**"), and they are not otherwise undertaking to act as a fiduciary, as defined in section 3(21) of ERISA and section 4975(e)(3) of the Code, to the Plan or the Plan Fiduciary in connection with the Plan's acquisition of the Master Issuer notes, and (ii) the Plan Fiduciary is exercising its own independent judgment in evaluating the investment in the Master Issuer notes.

In addition, the U.S. Department of Labor has promulgated a regulation, 29 C.F.R. section 2510.3-101, as modified by section 3(42) of ERISA (the **Plan Asset Regulation**), describing what constitutes the assets of a Plan with respect to the Plan's investment in an entity for purposes of certain provisions of ERISA, including the fiduciary responsibility provisions of Title I of ERISA, section 406 of ERISA and section 4975 of the Code. Under the Plan Asset Regulation, if a Plan invests in an "**equity interest**" of an entity that is neither a "**publicly-offered security**" nor a security issued by an investment company registered under the Investment Company Act, the Plan's assets include both the equity interest and an undivided interest in each of the entity's underlying assets, unless one of the exceptions to such treatment described in the Plan Asset Regulation applies. Under the Plan Asset Regulation, a security which is in debt form may be considered an "**equity interest**" if it has "**substantial equity features**". If the Master Issuer were deemed under the Plan Asset Regulation to hold plan assets by reason of a Plan's investment in any of the Master Issuer notes, such plan assets would include an undivided interest in the assets held by the Master Issuer and transactions by the Master Issuer would be subject to the fiduciary responsibility provisions of Title I of ERISA and the prohibited transaction provisions of section 406 of ERISA and section 4975 of the Code. The Plan Asset Regulation provides, however, that if equity participation in any entity by "benefit plan investors" is not significant, then the "look-through" rule will not apply to such entity. The term "**benefit plan investor**" is defined in the Plan Asset Regulation to include (1) any "employee benefit plan" (as defined in section 3(3) of ERISA) subject to the fiduciary responsibility provisions of Title I of ERISA, (2) any "plan" (as defined in section 4975(e)(1) of the Code) that is subject to section 4975 of the Code, and (3) any entity whose underlying assets include "plan assets" by reason of any such employee benefit plan's or plan's investment in the entity. Equity participation by "benefit plan investors" in any entity is significant if, immediately after the most recent acquisition of any equity interest in the entity, 25 per cent. or more of the total value of any class of equity interests in the entity (excluding the value of any interests held by certain persons, other than "benefit plan investors", exercising control over the assets of the entity or providing investment advice to the entity for a fee or any affiliates of such persons) is held by, or on behalf of, "benefit plan investors". While there is little pertinent authority in this area and no assurance can be given, the Master Issuer believes that the Master Issuer notes should not be treated as "**equity interests**" for the purposes of the Plan Asset Regulation.

Any insurance company proposing to purchase Master Issuer notes using the assets of its general account should consider the extent to which such investment would be subject to the requirements of ERISA in light of the U.S. Supreme Court's decision in *John Hancock Mutual Life Insurance Co. v. Harris Trust and Savings Bank* and under any subsequent guidance that may become available relating to that decision. In particular, such an insurance company should consider the retroactive and prospective exemptive relief granted by the U.S. Department of Labor for transactions involving insurance company general accounts in PTCE 95-60, 60 Fed. Reg. 35925 (12 July 1995), the enactment of section 401(c) of ERISA by the Small Business Job Protection Act of 1996 (including, without limitation, the expiration of any relief granted thereunder) and the Insurance Company General Account Regulations, 65 Fed. Reg. No. 3 (5 January 2000) (to be codified at 29 C.F.R. pt. 2550) that became generally applicable on 5 July 2001.

Each Plan fiduciary who is responsible for making the investment decisions whether to purchase or commit to purchase and to hold Master Issuer notes should determine whether, under the documents and instruments governing the Plan, an investment in such Master Issuer notes is appropriate for the Plan, taking into account the overall investment policy of the Plan and the composition of the Plan's investment portfolio. Any Plan proposing to invest in such Master Issuer notes (including any governmental, church or non-U.S. plan) should consult with its counsel to confirm that such investment will not result in a non-exempt prohibited transaction and will satisfy the other requirements of ERISA and the Code (or, in the case of a governmental, church or non-U.S. plan, any Similar Law).

The sale of any Master Issuer notes to a Plan is in no respect a representation by the seller, the Master Issuer, the servicer, the mortgages trustee, Funding or any other party to the transactions that such an investment meets all relevant legal requirements with respect to investments by Plans generally or any particular Plan, or that such an investment is appropriate for Plans generally or any particular Plan.

ENFORCEMENT OF FOREIGN JUDGMENTS IN ENGLAND AND WALES

The Master Issuer is a UK public limited company incorporated with limited liability in England and Wales. Any final and conclusive judgment of any United States federal or state court having jurisdiction recognised by England or Wales in respect of an obligation of the Master Issuer in respect of the Master Issuer notes which is for a fixed sum of money and which has not been stayed or satisfied in full, would be enforceable by action against the Master Issuer in the courts of England and Wales without a re-examination of the merits of the issues determined by the proceedings in that United States federal or state court, as applicable, unless:

- the proceedings in that United States federal or state court, as applicable, involved a denial of the principles of natural or substantial justice;
- the judgment is contrary to the public policy of England or Wales;
- the judgment was obtained by fraud or duress or was based on a clear mistake of fact;
- the judgment is of a public nature (for example, a penal or revenue judgment);
- there has been a prior judgment in another court between the same parties concerning the same issues as are dealt with in the judgment of the United States federal or state court, as applicable;
- enforcement would breach section 5 of the Protection of Trading Interests Act 1980; or
- enforcement proceedings are not instituted within six years after the date of the judgment.

A judgment by a court may be given in some cases only in sterling. The Master Issuer expressly submits to the non-exclusive jurisdiction of the courts of England for the purpose of any suit, action or proceedings arising out of this offering.

All of the directors and executive officers of the Master Issuer reside outside the United States. Substantially all or a substantial portion of the assets of all or many of those persons are located outside the United States. As a result, it may not be possible for holders of the Master Issuer notes to effect service of process within the United States upon those persons or to enforce against them judgments obtained in United States courts predicated upon the civil liability provisions of federal securities laws of the United States. Based on the restrictions referred to in this section, there is doubt as to the enforceability in England and Wales, in original actions or in actions for enforcement of judgments of United States courts, of civil liabilities predicated upon the federal securities laws of the United States.

LEGAL MATTERS

Certain matters of English law regarding the Master Issuer notes, including matters relating to the validity of the issuance of the Master Issuer notes will be opined upon for the Master Issuer by Ashurst LLP, London, England. Certain matters of United States law regarding the Master Issuer notes, including matters of United States federal income tax law with respect to the Master Issuer notes, will be opined upon for the Master Issuer by Cleary Gottlieb Steen & Hamilton LLP, London, England and New York. Certain matters of Scots law will be opined upon for the Master Issuer by Shepherd and Wedderburn LLP, Edinburgh. Certain matters of English law and United States law will be opined upon for the dealers by Allen Overy Shearman Sterling LLP, London, England.

SUBSCRIPTION, SALE, TRANSFER AND SELLING RESTRICTIONS

The dealers have in a programme agreement dated 17 November 2006 (or will in a purchase agreement entered into in connection with a series of Master Issuer notes) agreed with the Master Issuer, Funding, the mortgages trustee and Santander UK a basis upon which the Master Issuer may from time to time agree to issue notes. Any such agreement will extend to those matters stated under "**Overview of the Master Issuer notes**" and "**Terms and Conditions of the Notes**". In the programme agreement or purchase agreement, as applicable, the relevant Master Issuer (failing which, the sponsor) has agreed, *inter alia*, to reimburse the dealers for certain of their expenses in connection with the issue of notes under the programme and to indemnify the dealers against certain liabilities incurred by them in connection therewith.

In connection with the issue of any series of Master Issuer notes, the dealer or dealers (if any) named as the stabilising manager(s) (or persons acting on behalf of any stabilising manager(s)) in the applicable final terms may over-allot notes or effect transactions with a view to supporting the market price of the Master Issuer notes at a level higher than that which might otherwise prevail. However stabilisation action may not necessarily occur. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the relevant series of Master Issuer notes is made and, if begun, may cease at any time, but it must end no later than the earlier of 30 days after the issue date of the relevant Master Issuer notes and 60 days after the date of the allotment of the relevant Master Issuer notes. Any stabilisation action or over-allotment must be conducted by the relevant stabilising manager(s) (or person(s) acting on behalf of any stabilising manager(s)) in accordance with all applicable laws and rules.

Selling Restrictions

United States

Each dealer has acknowledged, and each further dealer appointed under the programme agreement or purchase agreement, as applicable, will be required to acknowledge, that the Master Issuer notes have not been and will not be registered under the Securities Act or the securities laws of any state or other jurisdiction of the United States, and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except to persons that are QIBs. The Master Issuer notes may be sold to non-U.S. persons in transactions outside the United States in reliance on Regulation S.

In connection with any Reg S notes, each dealer has agreed, and each further dealer appointed under the programme agreement or purchase agreement, as applicable, will be required to agree, that except as permitted by the programme agreement, it has not offered, sold or delivered the Reg S notes and it will not offer, sell or deliver the Reg S notes (i) as part of their distribution at any time and (ii) otherwise until 40 days after the later of the commencement of the offering of the Reg S notes and the closing date within the United States or to, or for the account or benefit of, U.S. persons, except in accordance with Rule 903 or 904 of Regulation S. Each dealer has further agreed that it will have sent to each distributor, dealer or person receiving a selling concession, fee or other remuneration that purchases Reg S notes from it or through it during the distribution compliance period (other than resales pursuant to Rule 144A) a confirmation or notice setting forth the restrictions on offers and sales of the Reg S notes within the United States or to or for the account or benefit of U.S. persons.

In addition, until 40 days after the completion of the distribution of all notes comprising any Tranche, any offer or sale of notes within the United States by any dealer (whether or not participating in the offering), except in accordance with Regulation S or pursuant to an exemption from registration under the Securities Act, may violate the registration requirements of the Securities Act.

Offers and sales by the initial purchasers

The Master Issuer 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 in the United States or to, or for the account or benefit of, U.S. persons except pursuant to an effective registration statement or in accordance with an applicable exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and any other applicable laws. Accordingly, the Master Issuer notes (and any interests therein) are being offered and sold (i) in the case of the Rule 144A notes, in the United States only to QIBs in transactions exempt from the registration requirements of the Securities Act pursuant to Rule 144A and in accordance with any state

securities law and (ii) in the case of the Reg S notes, outside the United States to non-U.S. persons in compliance with Regulation S.

The Reg S global notes may be transferred only to another common depositary or common safekeeper for Euroclear and Clearstream, Luxembourg. Rule 144A global notes held through DTC may be transferred only to another custodian for DTC or DTC's nominee. Rule 144A global notes held through Euroclear and Clearstream, Luxembourg may be transferred only to another common depositary or common safekeeper for Euroclear and Clearstream, Luxembourg.

On or prior to the end of the distribution compliance period, ownership of interests in a Regulation S global note will be limited to persons who have accounts with Euroclear or Clearstream, Luxembourg, or persons who hold interests through Euroclear or Clearstream, Luxembourg and any sale or transfer of such interests to U.S. persons shall not be permitted during such period unless such resale or transfer is made pursuant to Rule 144A as provided below.

Investors' representations and restrictions on resale

- (1) the purchaser (A) in the case of Rule 144A notes (i) is a "qualified institutional buyer" (**QIB**) within the meaning of Rule 144A under the Securities Act, (ii) is aware that the sale to it is being made in reliance on Rule 144A under the Securities Act, (iii) is acquiring the Master Issuer notes for its own account or for the account of a QIB, (iv) is able to bear the economic risk of an investment in the Master Issuer notes and (v) has such knowledge and experience in financial and business matters as to be capable of evaluating the risks of purchasing the Master Issuer notes or (B) in the case of Reg S notes, is a non-U.S. person within the meaning of Regulation S under the Securities Act acquiring the Reg S notes for its own account or as a fiduciary or agent for other non-U.S. persons in an offshore transaction (as defined in Regulation S under the Securities Act) pursuant to an exemption from registration provided by Regulation S under the Securities Act;
- (2) the purchaser understands that the Master Issuer notes are being offered in a transaction not involving any public offering in the United States within the meaning of the Securities Act, that such notes have not been and will not be registered under the Securities Act and are not fungible with any class of SEC-registered notes, that (A) if in the future it decides to offer, resell, pledge or otherwise transfer any notes, such notes may be offered, resold, pledged or otherwise transferred only (i) in the United States to a person whom the seller reasonably believes is a QIB in a transaction meeting the requirements of Rule 144A, (ii) outside the United States in a transaction complying with the provisions of Rule 903 or 904 under the Securities Act, (iii) pursuant to an exemption from registration under the Securities Act provided by Rule 144 (if available), or (iv) pursuant to an effective registration statement under the Securities Act, in each of cases (i) through (iv) in accordance with any applicable securities laws of any State of the United States, and that (B) the purchaser will, and each subsequent holder is required to, notify any subsequent purchaser of such notes of the resale restrictions referred to in (A) above;
- (3) the purchaser understands that the Master Issuer has not been registered under the Investment Company Act;
- (4) the purchaser acknowledges that each of the Master Issuer notes will be represented by a global note and that transfers thereof or any interest therein are restricted as described herein;
- (5) the purchaser represents, warrants and agrees that either (a) it is not, and is not acting on behalf of, or using the assets of, and for so long as it holds any Master Issuer notes (or any interest therein) will not be, and will not be acting on behalf of or using the assets of, (i) an "employee benefit plan" (as defined in section 3(3) of ERISA) that is subject to the fiduciary responsibility provisions of Title I of ERISA, (ii) a "plan" (as defined in section 4975(e)(1) of the Code) that is subject to section 4975 of the Code, (iii) an entity whose underlying assets include "plan assets" by reason of investment in such entity by "employee benefit plans" or "plans", or (iv) a governmental, church or non-U.S. plan which is subject to any state, local, other federal or non-U.S. law or regulation that is substantially similar to section 406 of ERISA and/or section 4975 of the Code (**Similar Law**), or (b) its acquisition, holding and disposition of the Master Issuer notes (or interests therein) will not constitute or result in a prohibited transaction under section 406 of ERISA and/or section 4975 of the Code (or, in the case of

a governmental, church or non-U.S. plan, a violation of any Similar Law), for which an exemption is not available;

- (6) if the purchaser, is, or is acting on behalf of, a Plan, it will be further deemed to represent, warrant and agree that (i) none of the transaction parties or any of their respective affiliates has provided any investment advice or recommendation to any fiduciary or other person investing the assets of the Plan ("**Plan Fiduciary**"), and they are not otherwise undertaking to act as a fiduciary, as defined in section 3(21) of ERISA and section 4975(e)(3) of the Code, to the Plan or the Plan Fiduciary in connection with the Plan's acquisition of the Master Issuer notes, and (ii) the Plan Fiduciary is exercising its own independent judgment in evaluating the investment in the Master Issuer notes; and
- (7) with respect to any foreign purchaser claiming an exemption from United States income or withholding tax, such purchaser has delivered to the paying agent a true and complete Form W-8BEN, W-8ECI or W-8IMY, indicating such exemption; and the purchaser acknowledges that transfers of the Master Issuer notes or any interest therein will otherwise be subject in all respects to any other restrictions applicable thereto contained in the Trust Deed.

The Reg S global notes that represent interests sold outside the United States to purchasers that are not U.S. persons in compliance with Regulation S will bear a legend to the following effect:

"THIS NOTE HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE **SECURITIES ACT**) OR THE SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES AND, AS A MATTER OF U.S. LAW, PRIOR TO THE DATE THAT IS 40 DAYS AFTER THE LATER OF THE COMMENCEMENT OF THE OFFERING OF THE NOTES AND THE CLOSING OF THE OFFERING OF THE NOTES, MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED IN OR INTO THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, A U.S. PERSON (AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT) EXCEPT PURSUANT TO AN EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES."

Set out below is a form of notice which may be used to notify the transferees of the foregoing restrictions on transfer. Such notice will be set out in the form of a legend on each Rule 144A global note. Additional copies of such notice may be obtained from the principal paying agent, the registrar or the transfer agent.

"THIS NOTE IS ISSUED IN A TRANSACTION EXEMPT FROM REGISTRATION UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE **SECURITIES ACT**), AND MAY NOT BE OFFERED, SOLD OR OTHERWISE TRANSFERRED IN THE ABSENCE OF SUCH REGISTRATION OR AN APPLICABLE EXEMPTION THEREFROM. EACH PURCHASER OF THIS NOTE IS HEREBY NOTIFIED THAT THE SELLER OF THIS NOTE MAY BE RELYING ON THE EXEMPTION FROM THE PROVISIONS OF SECTION 5 OF THE SECURITIES ACT PROVIDED BY RULE 144A THEREUNDER. THE MASTER ISSUER HAS NOT BEEN REGISTERED AND DOES NOT INTEND TO REGISTER AS AN INVESTMENT COMPANY UNDER THE U.S. INVESTMENT COMPANY ACT OF 1940, AS AMENDED.

THE HOLDER OF THIS NOTE AGREES FOR THE BENEFIT OF THE MASTER ISSUER THAT (A) THIS NOTE MAY BE OFFERED, RESOLD, PLEDGED OR OTHERWISE TRANSFERRED, ONLY (I) IN THE UNITED STATES TO A PERSON WHOM THE SELLER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT) IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A, (II) OUTSIDE THE UNITED STATES IN AN OFFSHORE TRANSACTION IN ACCORDANCE WITH RULE 903 OR 904 UNDER THE SECURITIES ACT, (III) PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT PROVIDED BY RULE 144 THEREUNDER (IF AVAILABLE) OR (IV) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT, IN EACH OF CASES (I) THROUGH (IV) IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES, AND (B) THE HOLDER WILL, AND EACH SUBSEQUENT HOLDER IS REQUIRED TO, NOTIFY ANY PURCHASER OF THIS NOTE FROM IT OF THE RESALE RESTRICTIONS REFERRED TO IN (A) ABOVE.

EACH PURCHASER AND TRANSFEREE OF THIS NOTE (OR ANY INTEREST HEREIN) WILL BE DEEMED TO HAVE REPRESENTED, WARRANTED AND AGREED THAT EITHER (A) IT IS NOT, AND IS NOT ACTING ON BEHALF OF OR USING THE ASSETS 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 OR USING THE ASSETS OF, (I) AN "EMPLOYEE BENEFIT PLAN" (AS DEFINED IN SECTION 3(3) OF THE U.S. EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED ("ERISA")) THAT IS SUBJECT TO THE FIDUCIARY RESPONSIBILITY PROVISIONS OF TITLE I OF ERISA, (II) A "PLAN" (AS DEFINED IN SECTION 4975(e)(1) OF THE U.S. INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE "CODE")) THAT IS SUBJECT TO SECTION 4975 OF THE CODE, (III) AN ENTITY WHOSE UNDERLYING ASSETS INCLUDE "PLAN ASSETS" BY REASON OF INVESTMENT IN SUCH ENTITY BY ANY SUCH "EMPLOYEE BENEFIT PLANS" OR "PLANS" INVESTMENT IN THE ENTITY (EACH OF (I), (II) and (III), A "PLAN"), OR (IV) A GOVERNMENTAL, CHURCH OR NON-U.S. PLAN WHICH IS SUBJECT TO ANY STATE, LOCAL, OTHER FEDERAL OR NON-U.S. LAW OR REGULATION THAT IS SUBSTANTIALLY SIMILAR TO SECTION 406 OF ERISA AND/OR SECTION 4975 OF THE CODE ("SIMILAR LAW"), OR (B) ITS ACQUISITION, HOLDING AND DISPOSITION OF THIS NOTE (OR ANY INTEREST HEREIN) WILL NOT CONSTITUTE OR RESULT IN A PROHIBITED TRANSACTION UNDER SECTION 406 OF ERISA AND/OR SECTION 4975 OF THE CODE (OR, IN THE CASE OF A GOVERNMENTAL, CHURCH OR NON-U.S. PLAN, A VIOLATION OF ANY SIMILAR LAW), FOR WHICH AN EXEMPTION IS NOT AVAILABLE."

IF THE PURCHASER AND TRANSFEREE, IS, OR IS ACTING ON BEHALF OF, A PLAN, IT WILL BE FURTHER DEEMED TO REPRESENT, WARRANT AND AGREE THAT (I) NONE OF THE TRANSACTION PARTIES OR ANY OF THEIR RESPECTIVE AFFILIATES HAS PROVIDED ANY INVESTMENT ADVICE OR RECOMMENDATION TO ANY FIDUCIARY OR OTHER PERSON INVESTING THE ASSETS OF THE BENEFIT PLAN INVESTOR ("PLAN FIDUCIARY"), AND THEY ARE NOT OTHERWISE UNDERTAKING TO ACT AS A FIDUCIARY, AS DEFINED IN SECTION 3(21) OF ERISA OR SECTION 4975(e)(3) OF THE CODE, TO THE PLAN OR THE PLAN FIDUCIARY IN CONNECTION WITH THE PLAN'S ACQUISITION OF THIS NOTE, AND (II) THE PLAN FIDUCIARY IS EXERCISING ITS OWN INDEPENDENT JUDGMENT IN EVALUATING THE INVESTMENT IN THIS NOTE.

Prospective purchasers are hereby notified that sellers of the Master Issuer notes may be relying on the exemption from the provisions of section 5 of the Securities Act provided by Rule 144A.

Because of the foregoing restrictions, purchasers of notes are advised to consult legal counsel prior to making any offer, resale, pledge or transfer of any note.

Prohibition of Sales to EEA Retail Investors

Each dealer has represented and agreed that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Master Issuer notes to any retail investor in the EEA. 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 MiFID II; or
 - (ii) a customer within the meaning of Directive (EU) 2016/97 (as amended or superseded, the **Insurance Distribution Directive**), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; 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 Master Issuer notes to be offered so as to enable an investor to decide to purchase or subscribe the Master Issuer notes.

Consequently no key information document required by the EU PRIIPs Regulation for offering or selling the Master Issuer notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Master Issuer notes or otherwise making them available to any retail investor in the EEA may be unlawful under the EU PRIIPs Regulation.

Prohibition of Sales to UK Retail Investors

Each dealer has represented and agreed, and each further dealer appointed under the Programme will be required to represent and agree, that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Master Issuer notes which are the subject of the offering contemplated by this base prospectus as completed by the final terms in relation thereto to any retail investor in the UK. 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 (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of UK domestic law by virtue of the EUWA; or
 - (ii) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of UK domestic law by virtue of the EUWA; 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 Master Issuer notes to be offered so as to enable an investor to decide to purchase or subscribe the Master Issuer notes.

Consequently no key information document required by the UK PRIIPs Regulation for offering or selling the Master Issuer notes or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Master Issuer notes or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

United Kingdom

Each dealer will represent and agree that:

- (a) in relation to any notes which have a maturity of less than one year, (i) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business and (ii) it has not offered or sold and will not offer or sell the Master Issuer notes other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the Master Issuer notes would otherwise constitute a contravention of section 19 of the FSMA by the Master Issuer;
- (b) it has only communicated or caused to be communicated and it will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received by it in connection with the issue or sale of any Master Issuer notes in circumstances in which section 21(1) of the FSMA does not apply to the Master Issuer; and
- (c) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Master Issuer notes in, from or otherwise involving the UK.

France

Each dealer will represent and agree that it has not offered or sold and will not offer or sell, directly or indirectly, the Master Issuer notes to the public in France, and has not distributed or caused to be distributed and will not distribute or cause to be distributed to the public in France, the prospectus, the relevant final terms or any other offering material relating to the Master Issuer notes, and that such offers, sales and distributions have been and will be made in France only in circumstances that do constitute an offer to the public exempted from the obligation to publish a prospectus pursuant to Article L.411-2 of the French Code Monétaire et Financier (CMF) and specifically to qualified investors (*investisseurs qualifiés*), as defined in and in accordance with Article L.411-2 1° of the CMF and article 2(e) of the Prospectus Regulation (Regulation (EU) 2017/1129).

This base prospectus prepared in connection with the issue of Master Issuer notes has not been submitted to the clearance procedures of the *Autorité des Marchés Financiers*.

Australia

No prospectus or other disclosure document (as defined in the Corporations Act of 2001 (Cth) of Australia (the **Australian Corporations Act**)) in relation to the programme or any notes has been, or will be, lodged with the Australian Securities and Investments Commission (**ASIC**) or the Australian Securities Exchange operated by ASX Limited (**ASX**). Each dealer has represented and agreed, and each further dealer appointed under the Program will be required to represent and agree, that it:

- (a) has not (directly or indirectly) made or invited, and will not make or invite, an offer of the Master Issuer notes for issue or sale in Australia (including an offer or invitation which is received by a person in Australia); and
- (b) has not distributed or published, and will not distribute or publish, this Base Prospectus or any other offering material or advertisement relating to any notes in Australia,

unless:
 - (a) the aggregate consideration payable by each offeree is at least A\$500,000 (or its equivalent in an alternate currency, in either case disregarding moneys lent by the offeror or its associates) or the offer or invitation does not otherwise require disclosure to investors under Parts 6D.2 or 7.9 of the Australian Corporations Act;
 - (b) the offer or invitation does not constitute an offer to a "retail client" as defined for the purposes of section 761G of the Australian Corporations Act;
 - (c) such action complies with any applicable laws and directives in Australia; and
 - (d) such action does not require any document to be lodged with ASIC or the ASX.

This document and the offer is only made available in Australia to persons to whom a prospectus or a disclosure document is not required to be given under Chapter 6D of the Australian Corporations Act. This document is not a prospectus, product disclosure statement or any other form of formal "disclosure document" for the purposes of the Australian Corporations Act, and is not required to, and does not, contain all the information which would be required in a disclosure document under the Australian Corporations Act. If you are in Australia, this document is made available to you provided you are a person to whom an offer of securities can be made without a disclosure document such as a professional investor or sophisticated investor for the purposes of Chapter 6D of the Australian Corporations Act.

Japan

The Master Issuer notes have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended; the FIEA). Each dealer has represented and agreed that it will not offer or sell any notes, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (as defined under Item 5, Paragraph 1, Article 6 of the Foreign Exchange and Foreign Trade Act (Act No. 228 of 1949, as amended)), or to others for reoffering or resale, directly or indirectly, in Japan or to, or for the benefit of, a resident of Japan except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the FIEA and any other applicable laws, regulations and ministerial guidelines of Japan.

Notice to Investors in the European Economic Area (EEA)

Each dealer has represented and agreed that the Master Issuer notes have not been and will not be offered, sold or publicly promoted or advertised by it in any Member State of the European Economic Area (**EEA**) which has implemented the EU Prospectus Regulation (each, a **Relevant Member State**) other than in compliance with the EU Prospectus Regulation or any other laws applicable in the EEA governing the issue, offering and sale of securities.

No action has been taken, or will be taken, in any Relevant Member State to permit an offer to the public of any of the Master Issuer notes in that Relevant Member State. Accordingly, the Master Issuer notes are not being (and will not be) offered and will not be allocated to any person in the EEA other than:

- (a) to any legal entity which is a qualified investor as defined in the EU Prospectus Regulation;
- (b) to fewer than 150 natural or legal persons (other than qualified investors as defined in the EU Prospectus Regulation) subject to obtaining the prior consent of a dealer for any such offer; or
- (c) in any other circumstances falling within Article 1(4) of the EU Prospectus Regulation,

provided that no such offer of notes shall result in a requirement for the publication by the Master Issuer or any dealer of a prospectus pursuant to Article 3 of the EU Prospectus Regulation or supplement a prospectus pursuant to Article 23 of the EU Prospectus Regulation.

For the purposes of this provision, the expression an **offer to the public** in relation to any notes in any Relevant Member State means the communication to persons in any form and by any means, presenting sufficient information on the terms of the offer and the Master Issuer notes to be offered, so as to enable an investor to decide to purchase or subscribe to these notes, as the same may be varied in that member state by any measure implementing the EU Prospectus Regulation in that member state and the expression **EU Prospectus Regulation** means Regulation (EU) 2017/1129.

Notice to Investors in the United Kingdom

Each dealer has represented and agreed that the Master Issuer notes have not been and will not be offered, sold or publicly promoted or advertised by it in the UK which has implemented the UK Prospectus Regulation other than in compliance with the UK Prospectus Regulation or any other laws applicable in the UK governing the issue, offering and sale of securities.

No action has been taken, or will be taken, in the UK to permit an offer to the public of any of the Master Issuer notes in the UK. Accordingly, the Master Issuer notes are not being (and will not be) offered and will not be allocated to any person in the UK other than:

- (a) to any legal entity which is a qualified investor as defined in Article 2 of the UK Prospectus Regulation;
- (b) to fewer than 150 natural or legal persons (other than qualified investors as defined in Article 2 of the UK Prospectus Regulation) in the UK subject to obtaining the prior consent of a dealer for any such offer; or
- (c) in any other circumstances falling within section 86 of the FSMA,

provided that no such offer of notes shall result in a requirement for the publication by the Master Issuer or any dealer of a prospectus pursuant to section 85 of the FSMA or supplement a prospectus pursuant to Article 23 of the UK Prospectus Regulation.

For the purposes of this provision, the expression an **offer to the public** in relation to any notes in the UK means the communication to persons in any form and by any means, presenting sufficient information on the terms of the offer and the Master Issuer notes to be offered, so as to enable an investor to decide to purchase or subscribe to these notes, as the same may be varied in the UK by any measure implementing the UK Prospectus Regulation in the UK and the expression **UK Prospectus Regulation** means Regulation (EU) 2017/1129 as it forms part of UK domestic law by virtue of the EUWA.

Italy

The offering of the Master Issuer notes has not been registered pursuant to Italian securities legislation and, accordingly, the Master Issuer notes may not be offered, sold or delivered, nor may copies of this base prospectus or of any other document relating to the Master Issuer notes be distributed in the Republic of Italy, except:

- (a) to qualified investors (*investitori qualificati*), as defined pursuant to Article 2 of the EU Prospectus Regulation and any applicable provision of Italian laws and regulations; or
- (b) in other circumstances which are exempted from the rules on public offerings pursuant to Article 1 of the EU Prospectus Regulation, Article 34-*ter* of CONSOB Regulation No. 11971 of 14 May 1999, as amended from time to time, and the applicable Italian laws.

Any offer, sale or delivery of the Master Issuer notes or distribution of copies of this base prospectus or any other document relating to the Master Issuer notes in the Republic of Italy under (a) or (b) above must be:

- (i) made by an investment firm, bank or financial intermediary permitted to conduct such activities in the Republic of Italy in accordance with the Legislative Decree No. 58 of 24 February 1998, as amended (the **Financial Services Act**), CONSOB Regulation No. 20307 of 15 February 2018 (as amended from time to time) and Legislative Decree No. 385 of 1 September 1993, as amended (the **Italian Banking Act**);
- (ii) comply with any other applicable laws and regulations or requirement imposed by CONSOB, the Bank of Italy (including the reporting requirements, where applicable, pursuant to Article 129 of the Italian Banking Act and the implementing guidelines of the Bank of Italy, as amended from time to time) and/or any other Italian authority.

Spain

Each dealer will represent and agree that neither the Master Issuer notes nor the prospectus have been or will be approved or registered in the administrative registries of the Spanish Securities Markets Commission (*Comisión Nacional del Mercado de Valores*). Accordingly, the Master Issuer notes may not be offered, sold, re-sold or distributed in Spain except in circumstances which do not constitute a public offering of securities in Spain within the meaning of section 30-bis of the Securities Market Law 24/1988 of 28 July 1988 (*Ley 24/1988, de 28 de julio, del Mercado de Valores*) (as amended, the **Securities Market Law**), as developed by Royal Decree 1310/2005 of 4 November on admission to listing and on issues and public offers of securities (*Real Decreto 1310/2005 de 4 de noviembre, por el que se desarrolla parcialmente la Ley 24/1988, de 28 de julio, de Mercado de Valores, en materia de admisión a negociación de valores en mercados secundarios oficiales, de ofertas públicas de venta o suscripción y del folleto exigible a tales efectos*), and supplemental rules enacted thereunder or in substitution thereof from time to time. The Master Issuer notes may only be offered and sold in Spain by institutions authorised to provide investment services in Spain under the Securities Market Law (and related legislation) and Royal Decree 217/2008 of 15 February on the Legal Regime Applicable to Investment Services Companies (*Real Decreto 217/2008, de 15 de febrero, sobre el régimen jurídico de las empresas de servicios de inversión y de las demás entidades que prestan servicios de inversión*).

Canada

The Master Issuer notes will not be qualified for sale under the securities laws of any province or territory of Canada. Each dealer will represent and agree that it has not offered, sold or distributed and will not offer, sell or distribute any Master Issuer notes, directly or indirectly, in Canada or to or for the benefit of any resident of Canada, other than in compliance with applicable securities laws. Each dealer will also represent and agree that it has not and will not distribute or deliver the prospectus, or any other offering material in connection with any offering of Master Issuer notes in Canada, other than in compliance with applicable securities laws.

Additional representations and restrictions applicable to a class Z variable funding note

Any holder of a class Z variable funding note may only make a transfer of the whole of its class Z variable funding note or create or grant any encumbrance in respect of such class Z variable funding note if all of the following conditions are satisfied:

- (a) the holder of such class Z variable funding note making such transfer or subjecting the class Z variable funding note to such encumbrance shall be solely responsible for any costs, expenses or taxes which

are incurred by the Master Issuer, the holder of such class Z variable funding note or any other person in relation to such transfer or encumbrance;

- (b) the holder of such class Z variable funding note has received the prior written consent of the Master Issuer and (for so long as any Master Issuer rated notes are outstanding) the note trustee (the note trustee shall give its consent to such a transfer if the same has been sanctioned by an extraordinary resolution of the holders of the Master Issuer rated notes);
- (c) the person to which such transfer is to be made falls within paragraph 3(1) of Schedule 2A of the Insolvency Act;
- (d) the transferee of such class Z variable funding note is an independent person in relation to the Master Issuer (within the meaning of regulation 2(1) of the Taxation of Securitisation Companies Regulations 2006); and
- (e) the transferee is a Qualifying Noteholder (as defined in **condition 13.4**).

The registrar shall not pay any relevant amount to the holder of a class Z variable funding note and such holder shall not be entitled to receive such relevant amounts on any interest payment date free of any relevant withholding or deduction for or on account of UK income tax, unless and until it has provided to the Master Issuer a tax certificate substantially in the form set out in schedule 1 of the agency agreement (the **tax certificate**) and the Master Issuer (or the cash manager on behalf of the Master Issuer in accordance with the terms of the Master Issuer cash management agreement) has confirmed in writing to the registrar that such Interest Amount in respect of the class Z variable funding note can, on the basis of such tax certificate, be paid free of any relevant withholding or deduction for or on account of UK income tax. The registrar shall upon receipt of such confirmation make a note of such confirmation in the register.

General

Each dealer will represent and agree that it has complied and will comply with all applicable laws and regulations in force in any jurisdiction in which it purchases, offers, sells or delivers Master Issuer notes or possesses them or distributes this base prospectus or any other offering material and will obtain any consent, approval or permission required by it for the purchase, offer, sale or delivery by it of Master Issuer notes under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes such purchases, offers, sales or deliveries and the Master Issuer shall have no responsibility for it. Furthermore, each dealer will represent and agree that it has not and will not directly or indirectly offer, sell or deliver any Master Issuer notes or distribute or publish any prospectus, form of application, prospectus, advertisement or other offering material 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, sales and deliveries of Master Issuer notes by it will be made on the same terms.

Neither the Master Issuer nor the dealers represent that Master Issuer notes may at any time lawfully be sold in compliance with any application registration or other requirements in any jurisdiction, or pursuant to any exemption available thereunder, or assume any responsibility for facilitating such sale.

Each dealer will, unless prohibited by applicable law, furnish to each person to whom it offers or sells Master Issuer notes a copy of this base prospectus and the relevant final terms or, unless delivery of this base prospectus is required by applicable law, inform each such person that a copy will be made available upon request. The dealers are not authorised to give any information or to make any representation not contained in this base prospectus and the relevant final terms in connection with the offer and sale of Master Issuer notes to which this base prospectus and the relevant final terms relate.

CERTAIN RELATIONSHIPS

Subject as provided in the following paragraph, there are no business relationships, agreements, arrangements, transactions or understandings that are entered into outside the ordinary course of business or are on terms other than would be obtained in an arm's length transaction with an unrelated third party between the sponsor, Funding or the Master Issuer on the one hand and the servicer, the note trustee, the Master Issuer security trustee, the mortgages trustee, the seller, the Funding swap provider, any Master Issuer swap provider or any affiliates of such parties, that currently exist or that existed during the past two years and that would be material to the Master Issuer notes.

Pursuant to the transaction documents, there are numerous relationships involving or relating to the Master Issuer notes or the expected portfolio between the sponsor (who is also the seller, the servicer, the cash manager and the Master Issuer cash manager), Funding or the Master Issuer on the one hand and the servicer (see "**The servicer**"), the note trustee and the Master Issuer security trustee (see "**The note trustee and the Master Issuer security trustee**"), the mortgages trustee (see "**The mortgages trustee**"), the seller (in its capacity as originator) and the Funding swap provider (see "**The Santander UK group of companies**"), each Master Issuer swap provider (see "**The Master Issuer swap providers**" in the relevant final terms) or any affiliates of such parties, that currently exist or that existed during the past two years and that would be material to the Master Issuer notes. The material terms of these relationships are disclosed in the sections referred to above in this base prospectus. See "**Summary of prospectus—Fees**" for the fee amounts relating to the foregoing relationships.

LISTING AND GENERAL INFORMATION

Legal entity identifier

The legal entity identifier (LEI) of the Master Issuer is: 5493007HX9EKP3XR9846.

Authorisation

The issue of each series of Master Issuer notes from time to time up until the date of this base prospectus has been authorised by resolutions of the board of directors of the Master Issuer. The publication of this base prospectus has been authorised by a resolution of the board of directors of the Master Issuer passed on 8 May 2024.

Listing of Master Issuer notes

Application will be made to the FCA for the Master Issuer notes issued under the programme (other than notes which are to be unlisted or any non-LSE listed notes) during the period of 12 months from the date of this base prospectus to be admitted to the Official List of the FCA. Application will also be made to the London Stock Exchange for each such class of the Master Issuer notes to be admitted to trading on its main market. Admission to the Official List of the FCA together with admission to the main market of the London Stock Exchange constitute official listing on the London Stock Exchange.

It is expected that each issue, series and class (or sub-class) of Master Issuer notes which is to be admitted to the Official List and to trading on the main market of the London Stock Exchange will be admitted separately, as and when issued, subject only to the issue of a global note or notes initially representing the Master Issuer notes of each issue, series and class (or sub-class) and to making the final terms relating to the Master Issuer notes available to the public in accordance with the Prospectus Regulation and the prospectus rules.

This base prospectus has been prepared in compliance with the prospectus rules.

To the best of the knowledge of the Master Issuer, the information contained in this base prospectus is in accordance with the facts and the base prospectus makes no omission likely to affect its import.

Clearing and settlement

Transactions in respect of the Master Issuer notes will normally be effected for settlement in U.S. dollars, sterling or euro and for delivery on the third working day after the date of the transaction. Prior to listing, however, dealings will be permitted by the London Stock Exchange in accordance with its rules.

It is expected that the Master Issuer notes will be accepted for clearance through DTC, Clearstream, Luxembourg and Euroclear. The appropriate CUSIP numbers, common codes and ISINs for each series and class (or sub-class) of Master Issuer notes will be specified in the relevant final terms.

Litigation

There are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Master Issuer, Funding, Holdings or the mortgages trustee is aware) during the 12 months preceding the date of this base prospectus which may have, or have had in the recent past, a significant effect on the financial position or profitability of the Master Issuer, Funding, Holdings or the mortgages trustee.

Accounts

So long as the Master Issuer notes are listed on the Official List and are trading on the main market of the London Stock Exchange, the audited annual accounts for the last two financial years of the Master Issuer from time to time shall be available to view online at <https://www.santander.co.uk/about-santander/investor-relations/holmes-master-trust> and/or shall be provided by the principal paying agent by email following prior written request to the principal paying agent. The Master Issuer does not normally publish interim accounts.

The latest statutory accounts of Funding have been prepared and were drawn up to 31 December 2022. So long as the Master Issuer notes are listed on the Official List and are trading on the London Stock Exchange, the audited annual accounts for the last two financial years of Funding from time to time may be viewed online at <https://www.santander.co.uk/about-santander/investor-relations/holmes-master-trust> or may be provided by the principal paying agent by email following prior written request to the principal paying agent. Funding does not normally publish interim accounts.

Since the date of its incorporation, the Master Issuer has not entered into any contracts or arrangements not being in the ordinary course of business.

Significant or material change

Since 31 December 2022 (being the date of the most recent financial reports of the Master Issuer), there has been no material adverse change in the financial position or prospects of the Master Issuer.

Since 31 December 2022 (being the date of the most recent financial reports of Funding), 29 December 1998 (being the date of incorporation of Holdings) and 28 April 2000 (being the date of incorporation of the mortgages trustee), there has been (a) no material adverse change in the prospects of (i) Funding, (ii) Holdings and its subsidiaries or (iii) the mortgages trustee and (b) no significant change in the financial position or financial performance of (i) Funding, (ii) Holdings and its subsidiaries or (iii) the mortgages trustee.

Investor reports and information

Copies of monthly investor reports which will include, among other things, information on the loans and payments in arrears, loan-to-value analysis in respect of the loans and recent values on the portfolio, will be made available, from the date of this base prospectus as long as any series and class (or sub-class) of notes issued by the Master Issuer remain outstanding (including during the period while the prospectus is valid and the Master Issuer notes are listed on the main market of the London Stock Exchange), and can be accessed via the following website: <https://www.santander.co.uk/about-santander/investor-relations/holmes-master-trust>. The information provided in such reports will be updated monthly.

All defined terms used in the monthly investor reports have the meanings given to them in the Glossary set out in this base prospectus, unless otherwise defined in such monthly investor report.

Reporting under the UK Securitisation Regulation

The seller will procure the publication of:

- (a) a quarterly investor report in respect of the relevant collection period as required by and in accordance with Article 7(1)(e) of the UK Securitisation Regulation; and
- (b) certain loan-level information in relation to the portfolio in respect of the relevant collection period prior to pricing of any series of notes upon request, to the extent required by and in accordance with Article 7(1)(a) of the UK Securitisation Regulation,

in each case simultaneously each quarter (to the extent required under Article 7(1) of the UK Securitisation Regulation). The seller shall procure that such information is published by means of a securitisation repository and by means of a website, which in respect of any quarterly investor report referred to in (a) above is expected to be <https://www.santander.co.uk/about-santander/investor-relations/holmes-master-trust> and <https://www.euroabs.com/IH.aspx?d=12305> and www.secrep.co.uk and in respect of any loan-level information referred to in (b) above is expected to be <https://www.euroabs.com/IH.aspx?d=12305> and <https://www.secrep.co.uk>, or, in each case, any other website which may be notified by the Master Issuer from time to time. SecRep Limited is an entity set up by EuroABS and which has been registered by the FCA in accordance with Article 10 of the UK Securitisation Regulation. For the avoidance of doubt, such websites and the contents thereof do not form part of this base prospectus.

The seller will also procure:

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

- (b) that copies of the transaction documents, this base prospectus and any supplements thereto are made available (in draft form, if applicable) prior to the pricing of any series of notes issued after 1 January 2019 (and in final form, if applicable, at least 15 days after the closing of any series of notes); and
- (c) if applicable, that each STS notification is made available prior to the pricing of any such series of notes,

in each case by means of a securitisation repository and by means of a website (which is expected to be <https://www.santander.co.uk/about-santander/investor-relations/holmes-master-trust> and, in the case of all information required to be reported pursuant to Articles 7(1)(f) or 7(1)(g) (as applicable) of the UK Securitisation Regulation, <https://www.euroabs.com/IH.aspx?d=12305> and www.secrep.co.uk) or as otherwise required by the UK Securitisation Regulation. For the avoidance of doubt, such websites and the contents thereof do not form part of this base prospectus.

The seller will make the information referred to above available to the holders of any of the Master Issuer notes, relevant competent authorities and, upon request, to potential investors in the Master Issuer notes. Any documents provided in draft form are subject to amendment and completion without notice.

Reporting under the EU Securitisation Regulation

The Master Issuer may specify in the relevant final terms for any issuance of a series of notes that, in respect of such series of notes (and (i) for so long as such series of notes is outstanding or (ii) until such time when a competent EU authority has confirmed (in the form of enacted (or otherwise binding) legislation, regulation or policy statement) that the satisfaction of the UK Transparency Requirements will also satisfy the EU Transparency Requirements due to the application of an equivalency regime or similar analogous concept), the seller (as originator) will undertake to the Master Issuer to procure the publication of:

- (a) a quarterly investor report (in the form prescribed as at the issue date of such series of notes under the EU Securitisation Regulation or, to the extent the form prescribed pursuant to the EU Securitisation Regulation is amended after the issue date of such series of notes, as otherwise adopted by the seller from time to time) on each interest payment date or shortly thereafter (and at the latest one month after the relevant interest payment date) in accordance with Article 7(1)(e) of the EU Securitisation Regulation as such regulation is in force at the issue date in respect of such series of notes;
- (b) certain loan-level information in relation to the portfolio as required by and in accordance with Article 7(1)(a) of the EU Securitisation Regulation as such regulation is in force as at the issue date of such series of notes (in the form prescribed as at the issue date of such series of notes under the EU Securitisation Regulation or, to the extent the form prescribed pursuant to the EU Securitisation Regulation is amended after the issue date of such series of notes, as otherwise adopted by the seller from time to time) on a quarterly basis (at the latest one month after the relevant interest payment date and simultaneously with the investor report provided pursuant to paragraph (a) above); and
- (c) any information required to be reported pursuant to Articles 7(1)(f) or 7(1)(g) (as applicable) of the EU Securitisation Regulation (as such regulation is in force as at the issue date in respect of such series of notes) without delay.

The seller shall procure that such information is published by means of a website, which in respect of any quarterly investor report referred to in (a) above is expected to be <https://www.santander.co.uk/about-santander/investor-relations/holmes-master-trust>; and in respect of any loan-level information referred to in (b) above is expected to be <https://www.euroabs.com/IH.aspx?d=12305> and <https://www.secrep.co.uk>, or, in each case, any other website which may be notified by the Master Issuer from time to time. For the avoidance of doubt, such websites and the contents thereof do not form part of this base prospectus.

Verification of data

Prior to the issuance of any notes, the seller may cause a sample of the loans included in the portfolio (including the data disclosed in the applicable final terms in respect of the loans as at the relevant cut-off date) to be subject to external verification by one or more appropriate and independent third parties (such as a review of a representative sample of loans based on agreed upon procedures and/or a verification of the

stratification tables set out in the applicable final terms) for the purposes of Article 22(2) of the UK Securitisation Regulation, the details of which shall be set out in the applicable final terms.

Liability cashflow model

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

Trustee reliance

The transaction documents provide that the security trustee, the note trustee and/or the Master Issuer security trustee may rely on reports or other information from professional advisers or other experts in accordance with the provisions of the transaction documents, whether or not any such report or other information entered into by the security trustee, the note trustee and/or the Master Issuer security trustee and the relevant person in connection therewith contains any monetary or other limit on the liability of the relevant person.

Bank of England information

In order to comply with the Bank of England's Market Notice dated 30 November 2010 in respect of its eligibility requirements for residential mortgage backed securities, the following information in respect of the programme is made available to investors, potential investors and certain other market professionals acting on their behalf via a secure website (which can be accessed at: <https://www.euroabs.com/IH.aspx?d=12305>):

- pseudonymised loan-level data (provided at least quarterly);
- transaction summary listing key features of the programme;
- a link to all material transaction documents; and
- a waterfall cash flow model, representing how cash is applied through the 'waterfall' given the priority of payments.

The information listed above, is, from the date of this base prospectus, for as long as any series and class (or sub-class) of Master Issuer notes remain outstanding (including during the period while the prospectus is valid and the Master Issuer notes are listed on the main market of the London Stock Exchange), made available to investors, potential investors and certain other market professionals acting on their behalf via a secure website (which can be accessed at: <https://www.euroabs.com/IH.aspx?d=12305>). For the avoidance of doubt, such information will be made available, in each case, prior to the issue date of a series and class (or sub-class) of Master Issuer notes issued after the date of this base prospectus and, once made available, such information will be updated on a periodic basis. The information on this website does not form part of this base prospectus.

Documents available

Copies of the documents listed below, may, from the date of this base prospectus as long as any series and class (or sub-class) of Master Issuer notes remain outstanding (including during the period while the prospectus is valid and the Master Issuer notes are listed on the main market of the London Stock Exchange), when published, be (i) provided by email to a noteholder following prior written request to the Principal Paying Agent and (ii) accessed via the following website: <https://www.santander.co.uk/about-santander/investor-relations/holmes-master-trust>.

- (a) the Memorandum and Articles of Association of each of the Master Issuer, Funding, Holdings and the mortgages trustee;

- (b) a copy of this base prospectus and the relevant final terms;
- (c) a copy of the final terms relating to notes which are not listed notes including in relation to non-LSE listed notes (if any), which will in each case be made available at the specified office of each paying agent;
- (d) any future offering circulars, prospectuses, final terms, information memoranda and supplements, (save that the relevant final terms relating to an unlisted series and class (or sub-class) of Master Issuer notes will be available for inspection only by the dealers, as specified in the final terms or, upon proof satisfactory to the principal paying agent or the registrar, as the case may be, as to the identity of the holder of any Master Issuer note to which the final terms relates) to the prospectus and any other documents incorporated therein by reference; and
- (e) each of the following documents:
 - the master intercompany loan agreement;
 - the mortgages trust deed;
 - the mortgage sale agreement;
 - the Master Issuer deed of charge;
 - the Funding deed of charge;
 - each Master Issuer swap agreement;
 - the Funding swap agreements;
 - the trust deed;
 - the Master Issuer paying agent and agent bank agreement;
 - the servicing agreement;
 - the cash management agreement;
 - the Master Issuer cash management agreement;
 - the Funding guaranteed investment contract;
 - the mortgages trustee guaranteed investment contract;
 - the Master Issuer bank account agreement;
 - the master definitions and construction schedule;
 - the corporate services agreement;
 - the Master Issuer corporate services agreement; and
 - any other deeds of accession or supplemental or amendment deeds or agreements relating to any such documents.

The Master Issuer confirms that the mortgages backing the intercompany loans and the intercompany loans backing the Master Issuer notes, taken together with the other arrangements entered into by the Master Issuer on 28 November 2006 (as the same may be amended, restated, novated, replaced or supplemented from time to time) and on each relevant closing date (including those described in "**Credit Structure**"), have characteristics that demonstrate capacity to produce funds to service any payments due and payable on the

Master Issuer notes. However, investors are advised that this confirmation is based on the information available to the Master Issuer on the date of this base prospectus and may be affected by the future performance of such assets backing the issue of the Master Issuer notes. Consequently, investors are advised to review carefully any disclosure in this base prospectus and the relevant final terms together with any amendments and supplements thereto.

GLOSSARY

Principal terms used in this base prospectus are defined as follows:

£, pounds and sterling means the lawful currency for the time being of the UK.

€, euro and Euro means 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.

€STR means the Euro Short-Term Rate.

€STR administrator has the meaning given to it in condition 5.2(b)(ii) of the Master Issuer notes.

€STR index has the meaning given to it in condition 5.2(b)(ii) of the Master Issuer notes.

1999 Regulations means the Unfair Terms in Consumer Contracts Regulations 1999.

2011-3 closing date means 21 September 2011.

A principal deficiency sub-ledger means one of five sub-ledgers on the principal deficiency ledger which specifically records any principal deficiency in respect of any term A advances.

AA principal deficiency sub-ledger means one of five sub-ledgers on the principal deficiency ledger which specifically records any principal deficiency in respect of any term AA advances.

AAA principal deficiency sub-ledger means one of five sub-ledgers on the principal deficiency ledger which specifically records any principal deficiency in respect of any term AAA advances.

A term advances means the term advances made by the Master Issuer to Funding under the master intercompany loan agreement from the proceeds of issue of any series of class M notes.

AA term advances means the term advances made by the Master Issuer to Funding under the master intercompany loan agreement from the proceeds of issue of any series of class B notes.

AAA term advances means the term advances made by the Master Issuer to Funding under the master intercompany loan agreement from the proceeds of issue of any series of class A notes.

account bank A means the bank at which the Funding transaction account is maintained from time to time, being, as at the date hereof, The Bank of New York Mellon, acting through its London Branch, and thereafter such other authorised entity as Funding may choose with the prior written approval of the Security Trustee.

account bank B means the bank at which the mortgages trustee GIC account and the Funding GIC account are maintained from time to time, being at the date of this base prospectus, Santander UK acting through its branch at 2 Triton Square, Regent's Place, London NW1 3AN.

account banks means collectively account bank A and account bank B.

accrual period means, in respect of the Master Issuer notes, the number of days in the relevant period from (and including) the most recent interest payment date (or, if none, the interest commencement date) to (but excluding) the relevant interest payment date.

accrued interest means in respect of a given date, the interest which has accrued from the last interest payment date up to that date, but which is not currently payable.

agent bank means The Bank of New York Mellon, acting through its London branch.

alternative accounts means any transaction accounts of the mortgages trustee other than the mortgages trustee GIC account.

alternative insurance recommendations means the seller's standard documents entitled "Alternative Insurance Requirements – New Business" and "Alternative Insurance Requirements", and any other document containing similar recommendations which is sent to borrowers in accordance with the seller's policy;

anticipated cash accumulation period means the anticipated number of months required to accumulate sufficient principal receipts to set aside to pay the relevant bullet amount, as described further in "**The mortgages trust—Cash management and allocation of trust property—principal receipts**".

arranger means Banco Santander.

arrears of interest means in respect of a given date, interest, principal (if applicable) and expenses which are due and payable on that date.

arrears trigger event means the trigger specified in the relevant final terms.

asset trigger event will occur when an amount is debited to the AAA principal deficiency sub-ledger of Funding unless such debit is made when the sum of the amounts standing to the credit of the first reserve fund, the Funding liquidity reserve fund (if any) and the Funding revenue ledger together with amounts determined and due to be credited to the Funding revenue ledger prior to the interest payment date immediately following the date on which such debit is made, is greater than the amounts necessary to pay items (a) to (f) of the Funding pre-enforcement revenue priority of payments on the immediately following interest payment date after such debit is made.

assignment date has the meaning given to that term on page 156.

authorised entity means (a) any entity (i) whose unsecured, unsubordinated and unguaranteed debt obligations are rated at least A-1 short-term and A long-term (or, if such entity has no short-term rating from S&P, at least A+ long-term) by S&P, (ii) whose short-term, unsecured, unsubordinated and unguaranteed debt obligations are rated at least P-1 by Moody's, and (iii) whose short-term and long-term IDR are at least F1 and A (respectively) by Fitch or (b) any other entity approved in writing by the security trustee and the rating agencies, in each case being an institution (1) incorporated in the UK or that is the UK branch of a foreign bank and (2) with a Part IV permission that includes accepting deposits under the FSMA.

authorised investments means:

- (a) Sterling gilt-edged securities, provided that in all cases such investments have a maturity of 60 days or less and mature on or before the next following interest payment date for the Master Issuer notes (in relation to any Master Issuer bank account), the next following interest payment date (in relation to any Funding bank account) or distribution date (in relation to the mortgages trustee GIC account) and have (i) a minimum sovereign long-term rating at least equal to AA- and minimum sovereign short-term rating at least equal to A-1 by S&P and (ii) a minimum sovereign long-term rating at least equal to A1 and minimum sovereign short-term rating at least equal to P-1 by Moody's;
- (b) (in relation to any investments made from monies standing to the credit of any Funding bank account or the mortgages trustee GIC account, as applicable) (excluding deposits made with eligible banks pursuant to the cash management agreement and the applicable bank account agreement) sterling demand or time deposits, certificates of deposit and short-term debt obligations (including commercial paper) provided that in all cases (i) such investments have a maturity of 60 days or less and mature no later than the next following interest payment date (in relation to any Funding bank account) or distribution date (in relation to the mortgages trustee GIC account), (ii) the short-term unsecured, unguaranteed and unsubordinated debt obligations of the issuing or guaranteeing entity or the entity with which the demand or time deposits are made (being an authorised person under the FSMA) are rated at least A-1 by S&P's and P-1 by Moody's and the short-term "issuer default rating" of the issuing or guaranteeing entity or the entity with which the demand or time deposits are made (being an authorised person under the FSMA) are at least F1+ by Fitch, (iii) the long-term unsecured, unguaranteed and unsubordinated debt obligations of the issuing or guaranteeing entity or the entity with which the demand or time deposits are made are rated at least A1 by Moody's and the long-term IDR of the issuing or guaranteeing entity or the entity with which the demand or time deposits are made (being an authorised person under the FSMA) are at least AA- by Fitch or such ratings which are otherwise acceptable to the rating agencies (if they are notified in advance and if Fitch has not provided

a notification that the current ratings of the Master Issuer rated notes would be adversely affected) to maintain the then current ratings of the Master Issuer rated notes, and (iv) the interest or other return payable on any such investment shall be in an amount not less than the Funding GIC rate or the mortgages trustee GIC rate, as applicable, for the term of such investment;

- (c) (in relation to any investments made from monies standing to the credit of any Master Issuer bank accounts) Sterling demand or time deposits, certificates of deposit and short-term debt obligations (including commercial paper) provided that in all cases (i) such investments have a maturity of 60 days or less and mature on or before the next following interest payment date for the Master Issuer notes and (ii) the short-term unsecured, unguaranteed and unsubordinated debt obligations of the issuing or guaranteeing entity or the entity with which the demand or time deposits are made (being an authorised person under the FSMA) are rated at least A-1 by S&P and P-1 by Moody's and the short-term "issuer default rating" of the issuing or guaranteeing entity or the entity with which the demand or time deposits are made (being an authorised person under the FSMA) is at least equal to F1 (in the case of such investments having a maturity of less than 30 days) or F1+ (in the case of such investments having a maturity of 30 or more days) by Fitch and (iii) the long term unsecured, unguaranteed and unsubordinated debt obligations of the issuing or guaranteeing entity or the entity with which the demand or time deposits are made are rated at least A1 by Moody's and the long-term "issuer default rating" of such entity is at least equal to A (in the case of such investments having a maturity of less than 30 days) or AA- (in the case of such investments having a maturity of more than 30 days) by Fitch, or (in each case) such ratings as are otherwise acceptable to the rating agencies (if they are notified in advance and if Fitch has not provided a notification that the current ratings of the Master Issuer rated notes would be adversely affected) to maintain the then current ratings of the Master Issuer rated notes; and
- (d) in the case of any collateral provided by the relevant swap provider, such demand or time deposits in such currencies as are approved by the rating agencies in respect of the relevant swap agreement,

and which, in each case, do not consist, in whole or in part, actually or potentially of tranches of other asset-backed securities, credit-linked notes, swaps or other definitive instruments or synthetic securities which would result in the recharacterisation of the programme, the Master Issuer notes or any transaction under the transaction documents as a "re-securitisation" as defined in Article 4(63) of the UK Capital Requirements Regulation and Article 2(4) of the UK Securitisation Regulation or a "synthetic securitisation" as defined in Article 242(11) of the UK Capital Requirements Regulation and Article 2(10) of the UK Securitisation Regulation (in each case, as amended and/or supplemented from time to time).

bank account agreement means the agreement entered into on 26 July 2000, as supplemented, amended and/or restated from time to time between account bank A, account bank B, the mortgages trustee, Funding, the cash manager, and the security trustee, which governs the operation of the mortgages trustee GIC account, the Funding GIC account and the Funding transaction account.

Basel Committee means the Basel Committee on Banking Supervision.

Basel III has the meaning given to that term on page 57.

base rate-linked rate means a variable rate of interest that applies to the base rate loans in the Portfolio that is a margin (expressed as a percentage figure) above and/or equal to and/or below the Bank of England base rate.

base rate loan means those loans to the extent that and for such period that their mortgage terms provide that they are subject to the base rate-linked rate.

basic terms modification means the modification of terms, including altering the amount, rate or timing of payments on the Master Issuer notes, the currency of payment, the priority of payments or the quorum or majority required in relation to these terms.

BBB principal deficiency sub-ledger means one of five sub-ledgers on the principal deficiency ledger which specifically records any principal deficiency in respect of any term BBB advances.

BBB term advances means the term advances made by the Master Issuer to Funding under the master intercompany loan agreement from the proceeds of issue of any series of class C notes.

beneficiaries means both Funding and the seller together as beneficiaries of the mortgages trust.

booking fee means a fee payable by the borrower in respect of applications for certain types of loans.

borrower means in relation to a loan, the individual or individuals specified as such in the relevant mortgage together with the individual or individuals (if any) from time to time assuming an obligation to repay such loan or any part of it.

bullet amount means, in respect of a bullet term advance, the relevant bullet amount specified in the relevant final terms.

bullet redemption date means, for any series and class (or sub-class) of bullet redemption notes, the interest payment date specified as such for such series and class (or sub-class) of notes in the relevant final terms, subject to the terms and conditions of the Master Issuer notes.

bullet redemption notes means any series and class (or sub-class) of notes which is scheduled to be repaid in full on one interest payment date.

bullet repayment date means the interest payment date specified as such for a bullet term advance in the relevant loan confirmation or (in the case of Master Issuer notes) the relevant term advance supplement.

bullet term advance means any term advance which is scheduled to be repaid in full on one interest payment date (which may occur prior to the final repayment date), including those term advances designated as a "**bullet term advance**" in the relevant final terms. Bullet term advances will be deemed to be pass-through term advances if:

- (a) a trigger event occurs;
- (b) the Master Issuer security is enforced; or
- (c) the Funding security is enforced.

business day means a day that is a London business day, a New York business day and a TARGET Business Day.

calculation period Funding amount has the meaning given to it on page 241.

calendar year means a year from the beginning of 1st January to the end of 31st December.

called notes has the meaning set forth in condition 6.8 of the Master Issuer notes.

capitalised means, in respect of a fee or other amount, added to the principal balance of a loan.

capped rate loans means loans that are subject to a maximum rate of interest and charge interest at the lesser of the SVR (or, as the case may be, the tracker rate) or the specified capped rate.

cash accumulation ledger means a ledger maintained by the cash manager for Funding, which records the amounts accumulated by Funding to be set aside to pay the amounts due on the bullet term advances and/or, as applicable, the scheduled amortisation term advances.

cash accumulation period means the period of time estimated to be the number of months prior to the relevant interest payment date of a bullet amount necessary for Funding to accumulate sufficient principal receipts so that ultimately the relevant class of Master Issuer notes will be redeemed in full in the amount of the relevant bullet amount set aside as described further in "**The mortgages trust—Cash management and allocation of trust property—Principal receipts**".

cash management agreement means the cash management agreement entered into on 26 July 2000, as supplemented, amended and/or restated from time to time, including on 30 June 2021, between the cash manager, the mortgages trustee, Funding and the security trustee, as described further in "**The mortgages trust—Cash management for the mortgages trustee and Funding**".

cash manager means Santander UK acting, pursuant to the cash management agreement, as agent for the mortgages trustee, Funding and the security trustee, *inter alia*, to manage all cash transactions and maintain certain ledgers on behalf of the mortgages trustee, Funding and the security trustee.

CCA means the Consumer Credit Act 1974 (as amended).

class means a class of notes (in other words, any of the class A notes, the class B notes, the class M notes, the class C notes and the class Z notes).

class A available subordinated amount has the meaning given to that term on page 109.

class A notes means the Master Issuer notes of any series designated as such.

class A note enforcement notice means an enforcement notice served by the note trustee in relation to the enforcement of the class A notes following a class A note event of default.

class A note event of default means an event of default under the provisions of number 10.1 of the Master Issuer notes where the Master Issuer is the defaulting party.

class A noteholders means the holders of the class A notes.

class A required subordinated amount has the meaning given to that term on page 109.

class A required subordinated percentage means, with respect to any issuance of class A notes, the percentage specified as such with respect to those class A notes.

class B available subordinated amount has the meaning given to that term on page 110.

class B notes means the Master Issuer notes of any series designated as such.

class B note enforcement notice means an enforcement notice served by the note trustee in relation to the enforcement of the class B notes following a class B note event of default.

class B note event of default means an event of default under the provisions of number 10.2 of the Master Issuer notes where the Master Issuer is the defaulting party.

class B noteholders means the holders of the class B notes.

class B required subordinated amount has the meaning given to that term on page 109.

class B required subordinated percentage means, with respect to any issuance of class B notes, the percentage specified as such with respect to those class B notes.

class C available subordinated amount has the meaning given to that term on page 111.

class C notes means the Master Issuer notes of any series designated as such.

class C note enforcement notice means an enforcement notice served by the note trustee in relation to the enforcement of the class C notes following a class C note event of default.

class C note event of default means an event of default under the provisions of number 10.4 of the Master Issuer notes where the Master Issuer is the defaulting party.

class C noteholders means the holders of the class C notes.

class C required subordinated amount has the meaning given to that term on page 110.

class C required subordinated percentage means, with respect to any issuance of class C notes, the percentage specified as such with respect to those class C notes.

class M available subordinated amount has the meaning given to that term on page 110.

class M notes means the Master Issuer notes of any series designated as such.

class M note enforcement notice means an enforcement notice served by the note trustee in relation to the enforcement of the class M notes following a class M note event of default.

class M note event of default means an event of default under the provisions of number 10.3 of the Master Issuer notes where the Master Issuer is the defaulting party.

class M noteholders means the holders of the class M notes.

class M required subordinated amount has the meaning given to that term on page 110.

class M required subordinated percentage means, with respect to any issuance of class M notes, the percentage specified as such with respect to those class M notes.

class Z notes means the Master Issuer notes designated as such in the applicable final terms (including any Class Z variable funding notes).

class Z variable funding noteholders means Santander UK or the holders for the time being of the class Z variable funding notes.

class Z variable funding notes means the Master Issuer notes designated as such in the applicable final terms.

class Z note enforcement notice means an enforcement notice served by the note trustee in relation to the enforcement of the class Z notes following a class Z note event of default.

class Z note event of default means an event of default under the provisions of condition 10.5 of the Master Issuer notes where the Master Issuer is the defaulting party.

class Z noteholders means the holders of the class Z notes.

clearing systems means DTC, Euroclear, Clearstream, Luxembourg or any alternative clearing system as specified in the applicable final terms.

Clearstream, Luxembourg means Clearstream Banking S.A.

closing date has the meaning given to it in the relevant final terms.

CMA means the Competitions and Markets Authority.

CML means Council of Mortgage Lenders.

Code means United States Internal Revenue Code of 1986, as amended.

common depositary means the common depositary in whose name the Master Issuer notes are registered for Clearstream, Luxembourg and Euroclear.

common safekeeper means the common safekeeper for Euroclear and Clearstream, Luxembourg.

completion cashback means an agreement by the seller to pay an amount to the relevant borrower on the completion of the relevant loan.

compounded daily SONIA has the meaning given to that term in condition 5.2(b)(ii).

Consumer Credit Directive means Directive 2008/48/EC of the European Parliament and the Council adopted in April 2008.

converted means, in relation to a property, a property converted into one or more residential dwellings that was either previously used for non-residential purposes or comprised a different number of residential dwellings.

corporate services agreement means the agreement entered into on 26 July 2000 (as the same may be supplemented, amended and/or restated from time to time) between, amongst others, Holdings, Funding, the mortgages trustee, Santander UK, the corporate services provider and the security trustee which governs the provision of corporate services by the corporate services provider to Funding, the mortgages trustee and Holdings.

corporate services provider means Wilmington Trust SP Services (London) Limited.

CPR means on any calculation date means the annualised principal repayment rate of all the loans comprised in the trust property during the previous calculation period calculated as follows:

$$1 - \left(\frac{R}{12} \right)^{12}$$

where R equals the result (expressed as a percentage) of the total principal receipts received during the period of one month (or, if shorter, from and including the closing date) ending on that calculation date divided by the aggregate outstanding principal balance of the loans comprised in the trust property as at the first day of that period.

CRD IV has the meaning given to that term on page 57.

CRR Amendment Regulation means Regulation (EU) 2017/2401.

crystallise means when a floating charge becomes a fixed charge.

current balance means in relation to a loan at any given date, the aggregate (without double counting) of the outstanding principal balance, accrued Interest and other amounts in arrears relating to that loan as at that date.

current intercompany loans and current intercompany loan agreements means any loan made available by the Master Issuer to Funding under the master intercompany loan agreement on the relevant closing date specified in the relevant final terms.

current seller share means the share of the seller in the trust property from time to time, calculated in accordance with the formula described in "**The mortgages trust—seller share of the trust property**".

current seller share percentage means the percentage share of the seller in the trust property from time to time, calculated in accordance with the formula described in "**The mortgages trust seller share of the trust property**".

current start-up loan agreements means the start-up loan agreements between Santander UK and Funding under which Santander UK has made a start-up loan to Funding.

current term advance means any term advance made by the Master Issuer to Funding under the current intercompany loan.

cut-off date has the meaning given to that term in the relevant final terms.

Day Count Fraction has the meaning given to that term on page 322.

dealers means the entities (if any) named as such in the relevant subscription agreement or purchase agreement, as applicable.

deferred consideration means the consideration payable to the seller in respect of the loans assigned to the mortgages trustee from time to time, which is payable out of Funding available revenue receipts after making

payments of a higher order of priority as set out in the Funding pre-enforcement revenue priority of payments and the Funding post enforcement priority of payments.

delayed cashback means an agreement by the seller to pay an amount to the relevant borrower at a specified date following completion of the relevant loan.

designated source has the meaning given to it in condition 5.2(b)(ii) of the Master Issuer notes, in each case in respect of SONIA, SOFR or €STR, as applicable.

determination date means in respect of a series and class (or sub-class) of Master Issuer notes, the date(s) specified as such in the relevant final terms.

diligence means the process (under Scots law) by which a creditor attaches the property of a debtor to implement or secure a court decree or judgment.

distribution compliance period has the meaning given to that term in Regulation S.

distribution date means the eighth day of each month or, if not a London business day, the next succeeding London business day.

downgrade termination event means the occurrence of an Additional Termination Event (as defined in the relevant Funding swap agreement or Master Issuer swap agreement) following the failure by Funding swap provider or the relevant Master Issuer swap provider, as applicable, to comply with the ratings downgrade provisions set out in the relevant Funding swap agreement or the relevant Master Issuer swap agreement.

downgrade termination payment has the meaning given to that term on page 216.

drawdown prospectus means in relation to any series of listed notes, the drawdown prospectus issued in relation to such series of listed notes as a supplement to the conditions and giving details of, *inter alia*, the amount and price of such series of listed notes which forms a part of the base prospectus in relation to such series of listed notes

DTC means The Depository Trust Company.

early repayment fee means any fee which a borrower is required to pay in the event that he or she 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.

EBA means the European Banking Authority.

eligible bank means an authorised entity incorporated in the UK or that is the UK branch of a foreign bank selected by the cash manager from a panel of banks in accordance with the Panel Bank Guidelines, for the purposes of depositing amounts standing to the credit of the Funding transaction account subject to and in accordance with the terms of the bank account agreement and the cash management agreement.

eligible bank account means an account in the name of Funding held with an eligible bank subject to and in accordance with the terms of the bank account agreement and the cash management agreement.

eligible bank account agreement means a bank account agreement substantially in the form attached to the cash management agreement entered into between each eligible bank and The Bank of New York Mellon, acting through its London branch, as agent for Funding.

eligible bank ledger means a ledger established and maintained by the cash manager in the books of Funding for the purpose of recording amounts deposited with eligible banks from time to time.

eligible bank terms and conditions means the terms and conditions named "Third Party Deposit Placement Services Terms and Conditions" entered into on 29 August 2013 between Funding, Santander UK and The Bank of New York Mellon, acting through its London Branch, as agent for Funding.

English loan means a loan secured by an English mortgage.

English mortgage means a mortgage over a property in England or Wales.

English mortgage conditions means the mortgage conditions applicable to English loans.

EU CRA Regulation means Regulation (EC) No 1060/2009 (as amended).

EU Prospectus Regulation means Regulation (EU) 2017/1129.

EU Securitisation Regulation means Regulation (EU) 2017/1402 (as amended by Regulation (EU) No. 2021/557) together with any EU Securitisation Rules, in each case, in respect of the EU risk retention requirements, as such regulation, standards, guidance, or statements are in effect as of the date of this base prospectus or, to the extent any amendments to such regulation, standards, guidance, or statements come into effect after the date of this base prospectus, as otherwise adopted by the seller in its sole discretion.

EU Securitisation Rules means any regulatory and/or implementing technical standards made under Regulation (EU) 2017/2402 as amended (including any applicable transitional provisions); and/or (ii) any relevant guidance and policy statements relating to the application of Regulation (EU) 2017/2402 (as amended) published by the EBA, the ESMA, the EIOPA (or their successor), collectively, the European Supervisory Authorities or ESAs, including any applicable guidance and policy statements issued by the Joint Committee of ESAs and/or the European Commission.

EURIBOR means the Euro-zone inter-bank offered rate as determined, with respect to any notes which are floating rate notes, by the agent bank in accordance with the conditions, the paying agent and agent bank agreement and the applicable final terms.

Euroclear means Euroclear Bank SA/NV.

EUWA means the European Union (Withdrawal) Act 2018 as amended, varied, superseded or substituted from time to time.

excluded further advance means each loan which is the subject of a further advance (including, for the avoidance of doubt, that further advance) that are or are to be repurchased by the seller in accordance with the mortgage sale agreement following the delivery of an excluded further advance notice that has not been revoked.

excluded further advance notice means a notice delivered by the seller to the mortgages trustee pursuant to the mortgage sale agreement which would require the seller thereafter to repurchase all loans which become the subject of further advances (including, for the avoidance of doubt, the further advances) until the date on which such notice is revoked.

excluded product switch means each loan which is the subject of a product switch that are or are to be repurchased by the seller in accordance with the mortgage sale agreement following the delivery of an excluded product switch notice that has not been revoked.

excluded product switch notice means a notice delivered by the seller to the mortgages trustee pursuant to the mortgage sale agreement which would require the seller thereafter to repurchase all loans which become the subject of product switches until the date on which such notice is revoked.

existing swap agreements means any outstanding swap agreements entered into between the Master Issuer or any new issuing entity with the relevant existing swap provider.

existing swap provider default means the occurrence of an event of default (as defined in the relevant existing swap agreement) where an existing swap provider is the defaulting party (as defined in the relevant existing swap agreement).

existing swap provider downgrade termination event means the occurrence of an Additional Termination Event (as defined in the relevant existing swap agreement) following the failure by the relevant existing swap provider to comply with the ratings downgrade provisions set out in the relevant existing swap agreement.

existing swap providers means the swap providers under the relevant existing swap agreements.

expected portfolio means the ensemble of (a) the portfolio of loans making up the trust property as at the cut-off date and (b) the portfolio of new loans, again as at the cut-off date, from which the new loans to be assigned by the seller to the mortgages trustee by the closing date shall be drawn, in each case together with their related security, accrued interest and other amounts derived from such loans.

extraordinary payment holiday means a period during which a borrower suspends payments under a loan where the borrower, by arrangement with the seller in relation to an extraordinary payment holiday event, is permitted to do so and therefore is not in breach of the mortgage terms.

extraordinary payment holiday adjustment amount has the meaning given to it in clause 10.4(a) of the mortgages trust deed.

extraordinary payment holiday amount means, on any distribution date, the aggregate amount of the interest that would have been due during the immediately preceding trust calculation period in respect of any loans which are the subject of an extraordinary payment holiday.

extraordinary payment holiday funding amount means, on any distribution date, the product of: (a) the extraordinary payment holiday amount on such distribution date; and (b) the funding share percentage.

extraordinary payment holiday event means exceptional circumstances (as determined by the seller) during which the seller may make arrangements with affected borrowers under which the seller permits such borrowers to make no payments in respect of the loans for a specified period without such loans falling into arrears.

extraordinary payment holiday shortfall amount means, on any distribution date, the amount (if positive) equal to: (a) the extraordinary payment holiday funding amount determined on the immediately preceding distribution date; less (b) the extraordinary payment holiday adjustment amount allocated to funding on the immediately preceding distribution date in accordance with clause 10.4 of the mortgages trust deed.

extraordinary payment holiday start-up loan means all the advances made available by the extraordinary payment holiday start-up loan provider to funding pursuant to the extraordinary payment holiday start-up loan agreement.

extraordinary payment holiday start-up loan agreement means the agreement dated 21 April 2020 between funding, the extraordinary payment holiday start-up loan provider and the security trustee relating to the provision of the extraordinary payment holiday start-up loan to funding.

extraordinary payment holiday start-up loan ledger means the ledger that shall be maintained by the cash manager pursuant to the cash management agreement to record the balance from time to time of the extraordinary payment holiday start-up loan.

extraordinary payment holiday start-up loan provider means Santander UK, in its capacity as provider of the extraordinary payment holiday start-up loan.

FATCA means Sections 1471 through 1474 of the Code and any applicable intergovernmental agreement entered into in respect thereof, and any related provisions of law, court decisions, or administrative guidance, including an agreement between the Master Issuer and the IRS, if any, that sets forth the requirements for the Master Issuer to be treated as complying with Section 1471(b) of the Code.

FCA means the Financial Conduct Authority or any statutory successor thereto, one of two successor regulators to the Financial Services Authority.

final maturity date means, in respect of a series and class (or sub-class) of notes, the interest payment date falling in the month indicated for such class in the relevant final terms.

final repayment date means, in relation to a term advance, the date specified as such in the related term advance supplement and final terms.

final purchase date has the meaning set forth in number 6.8 of the Master Issuer notes.

final scheduled repayment date means, in relation to a scheduled amortisation term advance, the last scheduled repayment date in respect of such scheduled amortisation term advance.

final terms means, in relation to any series and class (or sub-class) of notes, the final terms issued in relation to such series and class (or sub-class) of notes as a supplement to the conditions and giving details of, *inter alia*, the amount and price of such series and class (or sub-class) of notes.

first closing date means the date of the first issue under the programme.

first reserve fund means an amount provided from part of the proceeds of previous start-up loans and the Funding reserve fund, as withdrawn and credited from time to time, which may be used by Funding to meet any deficit in revenue or to repay amounts of principal (other than with respect to the NR term advances), as described further in "**Credit structure—First reserve fund**".

first reserve fund additional required amount means an amount equal to the sum of the first reserve fund required amount and (i) if an arrears trigger event has occurred under item (a) only of the arrears trigger event definition, £50,000,000, (ii) if an arrears trigger event has occurred under item (b) only of the arrears trigger event definition, £50,000,000 or (iii) if an arrears trigger event has occurred under both items (a) and (b) of the arrears trigger event definition, £100,000,000 or such other amount that may be specified in the relevant final terms for the most recent issue of notes.

first reserve fund minimum amount means the amount designated as such in the most recent final terms.

first reserve fund percentage means the percentage designated as such in the most recent final terms.

first reserve fund required amount means on any interest payment date, (a) while any rated Master Issuer notes remain outstanding, an amount which is the higher of: (1) an amount equal to the first reserve fund percentage (as specified in the most recent final terms) of the aggregate outstanding balance of the rated Master Issuer notes as at such interest payment date; and (2) the first reserve fund minimum amount, or (b) if there are no rated Master Issuer notes outstanding, zero.

first reserve fund term advances means (i) with respect to term advances from the initial closing date up until the 2011-3 closing date (a) on the applicable scheduled repayment date of each bullet term advance, that bullet term advance, (b) on the final scheduled repayment date of each scheduled amortisation term advance (which is a term AAA advance), that scheduled amortisation term advance, and (c) on the final repayment date of each pass-through term advance which is a AAA term advance, that pass-through term advance and (ii) with respect to term advances from and including the 2011-3 closing date (a) on the applicable scheduled repayment date of each bullet term advance, that bullet term advance, (b) on the final repayment date of each scheduled amortisation term advance (which is a term AAA advance), that scheduled amortisation term advance, and (c) on the final repayment date of each pass-through term advance (which is a term AAA advance), that pass-through term advance.

first reserve ledger means a ledger maintained by the cash manager for Funding to record the amount credited to the first reserve fund from the start-up loans, and subsequent withdrawals and deposits in respect of the first reserve fund.

Fitch means Fitch Ratings Ltd.

Fitch portfolio test value means that each of the percentages set out in paragraphs (a) to (e) inclusive in the definition of Fitch portfolio tests have not been exceeded, as such percentages may be amended from time to time by agreement between the servicer and Fitch.

Fitch portfolio tests means tests which satisfy each of the following conditions on the relevant assignment date:

- (a) the original weighted average LTV ratio (calculated in the manner agreed with Fitch from time to time) of the loans in the portfolio (including any new portfolio to be sold to the mortgages trustee on the relevant assignment date) does not exceed 69.5 per cent. (or such other percentage specified as the "**original weighted average LTV ratio**" in the most recent final terms);

- (b) the outstanding principal balance of any loans in the portfolio (including any new portfolio to be sold to the mortgages trustee on the relevant assignment date) with an original weighted average LTV ratio (calculated in the manner agreed with Fitch from time to time) of greater than 80 per cent. does not exceed 33 per cent. (or such other percentages specified as the "**original weighted average LTV percentages**" in the most recent final terms);
- (c) the current weighted average LTV ratio excluding any indexation (calculated in the manner agreed with Fitch from time to time) of the loans in the portfolio (including any new portfolio to be sold to the mortgages trustee on the relevant assignment date) (calculated in the manner agreed with Fitch from time to time) does not exceed 65 per cent. (or such other percentage specified as the "**current weighted average LTV ratio**" in the most recent final terms);
- (d) the weighted average income multiple of the loans in the portfolio (including any new portfolio to be sold to the mortgages trustee on the relevant assignment date) (calculated in the manner agreed with Fitch from time to time) does not exceed 4.4 (or such other figure specified as the "**weighted average income multiple**" in the most recent final terms); and
- (e) the outstanding principal balance of any loans in the portfolio (including any new portfolio to be sold to the mortgages trustee on the relevant assignment date) with an interest only part does not exceed 60 per cent. (or such other percentage specified as the "**interest only outstanding principal balance percentage**" in the most recent final terms),

as such conditions may be amended from time to time by agreement between the servicer and Fitch.

fixed rate loans Funding swap(s) has the meaning given to it on page 240.

fixed rate loans has the meaning given to it on page 131.

fixed rate note means a Master Issuer note, the interest basis of which is specified in the relevant final terms as being fixed rate.

fixed rate period means the period of time during which a fixed rate loan is subject to a specified fixed rate of interest.

fixed security means a form of security which means that the chargor is not allowed to deal with the assets subject to the charge without the consent of the chargee.

flexible loan means a type of loan product that typically incorporates features that give the borrower options to, among other things, make further drawings on the loan account and/or to overpay or underpay interest and principal in a given month and, for the avoidance of doubt, includes flexible offset loans.

flexible offset loan means the flexible loans described in "**The loans—Characteristics of the loans—Flexible loans**".

flexible plus loan means a flexible offset loan.

floating charge means a form of charge which is not attached to specific assets but which "**floats**" over a class of them and which allows the chargor to deal with those assets in the everyday course of its business, up until the point that the floating security is enforced, at which point it crystallises into a fixed security.

floating rate note means a Master Issuer note, the interest basis of which is specified in the relevant final terms as being floating rate.

follow-on rate means the seller's follow-on tracker rate consisting of: (i) a fixed margin, plus (ii) the Bank of England base rate, as published by the seller from time to time.

foreign law notes has the meaning given to that term on page iii.

FSA means the Financial Services Authority, or any statutory successor thereto.

FSCS Limit has the meaning given to that term on page 181.

FSMA means the Financial Services and Markets Act 2000.

Funding means Holmes Funding Limited.

Funding available principal receipts has the meaning given to it under "**Cashflows—Distribution of Funding available principal receipts prior to enforcement of the Funding security or the occurrence of a trigger event or enforcement of the Master Issuer security**" on page 219.

Funding available revenue receipts has the meaning given to it under "**Cashflows—Distribution of Funding available revenue receipts**" on page 212.

Funding Bank Accounts means the Funding GIC account, the Funding transaction account, any eligible bank account (including the Santander A-2/P-2/F2 account) and such other bank account(s) held in the name of Funding with the approval of the Security Trustee from time to time.

Funding collateral account means the designated bank account of Funding into which collateral posted by the Funding swap provider will be deposited if required pursuant to the relevant Funding swap agreement.

Funding deed of charge means the deed of charge entered into on 26 July 2000 between Funding, Holmes Financing (No. 1) PLC, the corporate services provider, the account banks, the Funding GIC provider, the Master Issuer, the mortgages trustee, the Mortgages GIC provider, the new Funding secured creditors, the Funding loan provider, the 2013 Funding First reserve Fund start-up loan provider, the security trustee, the seller, the start-up loan provider, the cash manager and the Funding swap provider and acceded to on 29 November 2000 by Holmes Financing (No. 2) PLC, on 23 May 2001 by Holmes Financing (No. 3) PLC, on 5 July 2001 by Holmes Financing (No. 4) PLC, on 8 November 2001 by Holmes Financing (No. 5) PLC, amended and restated and acceded to by Holmes Financing (No. 6) PLC on 7 November 2002, acceded to on 26 March 2003 by Holmes Financing (No. 7) PLC, on 1 April 2004 by Holmes Financing (No. 8) PLC, on 8 December 2005 by Holmes Financing (No. 9) PLC, on 8 August 2006 by Holmes Financing (No. 10) PLC and amended and restated and acceded to by the Master Issuer on 28 November 2006, and further amended and restated and/or supplemented on 28 March 2007, 21 December 2007, 19 December 2008, 8 October 2010, 12 November 2010, 8 June 2012, 29 June 2012, 7 March 2013, 29 August 2013, 24 May 2019, 30 June 2021, 24 May 2022 and 12 May 2023.

Funding GIC account means the account of Funding held with Santander UK at its branch at 2 Triton Square, Regent's Place, London NW1 3AN. Amounts deposited to the credit of the Funding GIC account will receive a rate of interest determined in accordance with the Funding guaranteed investment contract.

Funding GIC provider means Santander UK.

Funding GIC rate means the higher of (a) a variable rate of 0.10 per cent. per annum below the Bank of England Base Rate or such other rate as may be agreed by the Funding GIC provider and Funding which is published by the Bank of England and commonly used (or intended to be used) in the UK for the calculation of interest on deposits (or any higher percentage as specified in the most recent final terms), and (b) zero.

Funding guaranteed investment contract means the guaranteed investment contract entered into on 26 July 2000 between Funding and the Funding GIC provider under which the Funding GIC provider agrees to pay Funding a guaranteed rate of interest on the balance of the Funding GIC account, as described further in "**Credit structure—Mortgages trustee GIC account/Funding GIC account**".

Funding income deficit means the amount of the shortfall between Funding available revenue receipts and the amounts required to pay items (a) to (e) (inclusive), (g), (i) and (k) of the Funding pre-enforcement revenue priority of payments.

Funding liquidity reserve fund means the reserve fund to be established on downgrade of the long-term rating of the seller assigned by Moody's below A3 to meet interest and principal (in limited circumstances) on all the outstanding notes.

Funding liquidity reserve fund term advances means (a) on the applicable scheduled repayment date of each bullet term advance, that bullet term advance, (b) on the final scheduled repayment date of each scheduled amortisation term advance which is a term AAA advance, that scheduled amortisation term advance, and (c) on the final repayment date of each pass-through term advance which is a term AAA advance, that pass-through term advance.

Funding liquidity reserve ledger means a ledger maintained by the cash manager for Funding to record the amounts credited to the Funding liquidity reserve fund from Funding available revenue receipts and from Funding available principal receipts up to the Funding liquidity reserve required amount and drawings made under the Funding liquidity reserve fund.

Funding liquidity reserve required amount means an amount calculated in accordance with the formula set out in "**Credit Structure—Funding liquidity reserve fund**".

Funding loan means all the advances made available by the Funding loan provider to Funding pursuant to the Funding loan agreement.

Funding loan agreement means the Funding loan agreement entered into on 7 March 2013 between Funding, the Funding loan provider and the security trustee.

Funding loan prepayable amount the amount by which the cash manager expects the Funding loan will exceed the amounts which it reasonably expects will be deposited on the Santander A-2/P-2/F2 account from time to time and which may be prepaid.

Funding loan principal deficiency sub-ledger means the sub-ledger of the losses ledger corresponding to the Funding loan in order to record any losses allocated to the Funding share of the trust property or the application of Funding available principal receipts in paying interest on the Funding loan and certain amounts ranking in priority thereto in accordance with the Funding pre-enforcement revenue priority of payments.

Funding loan provider means Santander UK in its capacity as lender of the Funding loan pursuant to the Funding loan agreement.

Funding post-enforcement priority of payments means the order in which, following the enforcement of the Funding security, the security trustee will apply the amounts received following enforcement of the Funding security, as set out in "**Security for Funding's obligations**".

Funding pre-enforcement principal priority of payments means the order in which, prior to enforcement of the Funding security, the cash manager will apply the Funding available principal receipts on each interest payment date, as set out in "**Cashflows—Distribution of Funding available principal receipts prior to enforcement of the Funding Security or the occurrence of a trigger event or enforcement of the Master Issuer security**".

Funding pre-enforcement revenue priority of payments means the order in which, prior to enforcement of the Funding security, the cash manager will apply the Funding available revenue receipts on each interest payment date, as set out in "**Cashflows—Distribution of Funding available revenue receipts—Distribution of Funding available revenue receipts prior to enforcement of the Funding security**".

Funding principal ledger means a ledger maintained by the cash manager for Funding to record the amount of principal receipts received by Funding from the mortgages trustee on each distribution date or, in respect of any recovery as set out in limb (ii) of the definition of Funding principal receipts, the relevant payment date (as applicable).

Funding principal receipts means (i) the principal receipts paid by the mortgages trustee to Funding on each distribution date and (ii) recoveries in respect of amounts deducted from loans as described in paragraph (a) under "**The mortgages trust—Funding share of the trust property**" which belong to Funding and paid to it on the relevant date.

Funding reserve fund means the amount credited to the Funding reserve fund from the excess Funding available revenue receipts after Funding has paid all of its obligations in respect of items ranking higher than

item (t) of the Funding pre-enforcement revenue priority of payments on each interest payment date as described further in "**Credit structure—Funding reserve fund**".

Funding reserve ledger means a ledger maintained by the cash manager to record the amount credited to the Funding reserve fund from the excess Funding available revenue receipts after Funding has paid all of its obligations in respect of items ranking higher than item (t) of the Funding pre-enforcement revenue priority of payments on each interest payment date, and any subsequent withdrawals in respect of the Funding reserve fund.

Funding reserve fund required amount means, at any time, the amount specified as such in connection with the most recent issuance of notes.

Funding revenue deficit cure amount has the meaning given to that term on page 187.

Funding revenue ledger means a ledger maintained by the cash manager to record all amounts received by Funding from the mortgages trustee on each distribution date other than principal receipts, together with interest received by Funding on its authorised investments or pursuant to the bank account agreement.

Funding secured creditors means the security trustee, the Funding swap provider, the cash manager, the account banks, the seller, the corporate services provider, the start-up loan provider, the Master Issuer and any other entity that accedes to the terms of the Funding deed of charge from time to time.

Funding security means security created by Funding pursuant to the Funding deed of charge in favour of the Funding secured creditors.

Funding share or **Funding's share** means the share of Funding in the trust property from time to time, calculated in accordance with the formula described in "**The mortgages trust—Funding share of the trust property**".

Funding share percentage means the percentage share of Funding in the trust property from time to time, calculated in accordance with the formula described in "**The mortgages trust—Funding share of the trust property**".

Funding share/seller share ledger means the ledger of such name maintained by the cash manager pursuant to the cash management agreement to record the Funding share, the Funding share percentage, the seller share and seller share percentage of the trust property.

Funding swap agreement means the 1992 ISDA Master Agreement (Multicurrency-Cross Border) and schedule and credit support annex thereto entered into on 24 May 2019 (as may be amended and restated from time to time) between Funding, the Funding swap provider and the security trustee and the confirmation(s) documented thereunder from time to time between Funding, the Funding swap provider and the security trustee (as each of the same may be amended, restated, varied or supplemented from time to time) in respect of Funding swaps.

Funding swap(s) means any swap documented under the Funding swap agreement which enables Funding to hedge exposure in relation to intercompany loans arising from the possible variance between the rates of interest payable on the variable rate loans, the fixed rates of interest payable on the fixed rate loans and the rates of interest payable on the tracker loans (as applicable) and the weighted average of the SONIA based rates (without including any margin) payable under intercompany loans.

Funding swap (fixed) 1 means the Funding swap between the Funding swap provider and Funding with respect to the fixed rate loans which have a remaining period up to the earlier of their reset dates of 1 year or less and their maturity dates.

Funding swap (fixed) 2 means the Funding swap between the Funding swap provider and Funding with respect to the fixed rate loans which have a remaining period up to the earlier of their reset dates of greater than 1 year but less than or equal to 2 years and their maturity dates.

Funding swap (fixed) 3 means the Funding swap between the Funding swap provider and Funding with respect to the fixed rate loans which have a remaining period up to the earlier of their reset dates of greater than 2 years but less than or equal to 3 years and their maturity dates.

Funding swap (fixed) 4 means the Funding swap between the Funding swap provider and Funding with respect to the fixed rate loans which have a remaining period up to the earlier of their reset dates of greater than 3 years but less than or equal to 5 years and their maturity dates.

Funding swap (fixed) 5 means the Funding swap between the Funding swap provider and Funding with respect to the fixed rate loans which have a remaining period up to the earlier of their reset dates of greater than 5 years but less than or equal to 10 years and their maturity dates.

Funding swap (fixed) 6 means the Funding swap between the Funding swap provider and Funding with respect to the fixed rate loans which have a remaining period up to the earlier of their reset dates of greater than 10 years and their maturity dates.

Funding swap (tracker) 1 means the Funding swap between the Funding swap provider and Funding with respect to the base rate loans.

Funding swap (variable) 1 means the Funding swap between the Funding swap provider and Funding with respect to the variable rate loans.

Funding swap provider means Santander UK plc, acting in its capacity as the Funding swap provider, pursuant to the Funding swap agreement(s) and/or any replacement Funding swap provider appointed in accordance with the Funding swap agreement.

Funding swap provider default means the occurrence of an event of default (as defined in the relevant Funding swap agreement) where the Funding swap provider is the defaulting party (as defined in the relevant Funding swap agreement).

Funding transaction account means the account in the name of Funding maintained with account bank A pursuant to the bank account agreement or such additional or replacement account as may for the time being be in place.

further advance means an advance made following a request from an existing borrower for a further amount to be lent to him or her under his or her mortgage, where Santander UK has discretion as to whether to accept that request.

further Master Issuer notes means, at any time, Master Issuer notes issued after that time.

global notes means the Reg S global notes and the Rule 144A global notes.

Help to Buy loans means loans which meet the criteria published by the UK government (through Homes England) from time to time.

high loan-to-value fee means a fee incurred by a borrower as a result of taking out a loan with an LTV ratio in excess of a certain percentage specified in the offer.

higher variable rate loans means variable rate loans subject to an interest rate at a margin above the Santander UK SVR or the mortgages trustee SVR, as applicable.

Holdings means Holmes Holdings Limited.

IDR has the meaning on page 68.

in arrears means, in respect of a loan or mortgage account, one or more monthly payments in respect of such mortgage account have become due and unpaid by a borrower.

increase amount has the meaning on page 328.

increase date has the meaning on page 328.

index cessation effective date has the meaning given to it in condition 5.2(b)(ii) of the Master Issuer notes.

index cessation event has the meaning given to it in condition 5.2(b)(ii) of the Master Issuer notes;

initial advance means, in respect of any loan, the original principal amount advanced by the seller including any retention(s) advanced to the relevant borrower after the date of the mortgage but excluding any (a) High Loan-to-Value Fee (as defined in the master definitions and construction schedule), (b) further advance, (c) Flexible Loan Drawing (as defined in the master definitions and construction schedule) and (d) Early Repayment Fee (as defined in the master definitions and construction schedule) relating to any such loan.

initial closing date means 26 July 2000 or, in relation to the establishment of the programme and the first issue of Master Issuer notes, 28 November 2006.

initial portfolio means the provisional portfolio (as defined in the master definitions and construction schedule) other than any loan and its related security redeemed in full on or before the initial closing date.

initial purchase date has the meaning set forth in condition 6.8 of the Master Issuer notes.

insolvency event means in respect of the seller, the servicer or the cash manager or the issuing cash manager (each, for the purposes of this definition, a relevant entity) means:

- (a) an order is made or an effective resolution passed or documents filed contemplating the winding up of or administration of the relevant entity;
- (b) the relevant entity ceases or threatens to cease to carry on 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(a), (b), (c) or (d) of the Insolvency Act 1986 (as amended) 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; and
- (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 any 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 any substantial part of the undertaking or assets of the relevant entity and in any of the foregoing cases it is not discharged within 15 London business days; or the relevant entity initiates or consents to judicial proceedings relating to itself under any applicable liquidation, administration, insolvency, reorganisation or other similar laws or takes steps in relation to the appointment of an administrator out of court 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.

intercompany loan means all the term advances made available to Funding by (i) the Master Issuer under a previous intercompany loan, (ii) the Master Issuer under the current intercompany loan, or (iii) the Master Issuer or any new issuing entity (as the case may be) under any new intercompany loan.

intercompany loan acceleration notice or **intercompany loan enforcement notice** means a notice served by the security trustee on Funding following the occurrence of an intercompany loan event of default.

intercompany loan agreements means the current intercompany loan agreements and all new intercompany loan agreements.

intercompany loan event of default has the meaning given to it on page 188.

intercompany loan ledger means a ledger maintained by the cash manager to record payments of interest and repayments of principal made on each of the outstanding term advances and any new term advances under any intercompany loans.

interest determination date means:

- (a) in relation to a series and class (or sub-class) of notes, the relevant closing date of such Master Issuer notes or such other date as may be specified as such in the relevant final terms; and
- (b) in relation to a term advance, the relevant closing date of the related series and class of notes or such other date as may be specified as such in the relevant loan confirmation or (in the case of the Master Issuer notes) the relevant term advance supplement.

interest payment date means (i) in respect of a series and class (or sub-class) of notes, the interest payment dates specified in the relevant final terms, subject to the terms and conditions of the Master Issuer notes and (ii) in respect of a term advance, the interest payment date specified in the relevant term advance supplement applicable to such term advance.

interest period means:

- (a) in relation to a series and class (or sub-class) of Master Issuer notes (i) with respect to the first interest payment date, the period from (and including) the applicable interest commencement date to (but excluding) such first interest payment date, and (ii) thereafter, with respect to each interest payment date, the period from (and including) the preceding interest payment date to (but excluding) such interest payment date; and
- (b) in respect of term advances (i) with respect to the first interest payment date in respect of such term advance, the period from (and including) the applicable interest commencement date to (but excluding) such first interest payment date in respect of such term advance, and (ii) thereafter, with respect to each interest payment date in respect of such term advance, the period from (and including) the preceding interest payment date in respect of such term advance to (but excluding) such interest payment date in respect of such term advance.

interest period Funding amount has the meaning given to it on page 241.

interim trust calculation date has the meaning given to it on page 174.

interim trust calculation period has the meaning given to it on page 175.

interim trust recalculation event has the meaning given to it on page 174.

Investment Company Act means the United States Investment Company Act of 1940, as amended.

investment plan means in respect of an interest only loan, a repayment mechanism selected by the borrower and intended to provide sufficient funds to redeem the full principal of a mortgage loan at maturity.

IRS means the U.S. Internal Revenue Service.

issue means each issue of Master Issuer notes under the programme, comprising one or more series and classes (or sub-classes) of Master Issuer notes.

issue terms has the meaning given to that term on page 3.

issuing entities means the Master Issuer and any new issuing entity.

law includes common or customary law and any constitution, decree, judgment, legislation, order, ordinance, regulation, statute, treaty or other legislative measure in any jurisdiction and any present or future directive, regulation, guideline, practice, concession, request or requirement whether or not having the force of law issued by any governmental body, agency or department or any central bank or other fiscal, monetary, taxation, regulatory, self-regulatory or other authority or agency.

lending criteria means the criteria applicable to the granting of an offer of a mortgage to a borrower, as may be amended from time to time and as further described in "**The loans—Lending criteria**".

LIBOR or **sterling LIBOR** means the London Interbank Offer Rate for sterling deposits.

listed notes means each Series and Class (or Sub-Class) of Master Issuer notes which is admitted to the official list maintained by the London Stock Exchange and admitted to trading on the main market of the London Stock Exchange.

loan means each loan referenced by its loan identifier number and comprising the aggregate of all principal sums, interest, costs, charges, expenses and other monies (including all further advances) due or owing with respect to that loan under the relevant mortgage conditions by a borrower on the security of a mortgage from time to time outstanding or, as the context may require, the borrower's obligations in respect of the same.

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

London Stock Exchange means London Stock Exchange plc.

losses means the realised losses experienced on the loans in the portfolio.

losses ledger means the ledger of such name created and maintained by the cash manager pursuant to the cash management agreement to record the losses on the portfolio.

LTV ratio or **loan-to-value ratio** means the ratio of the outstanding balance of a loan to the value of the mortgaged property securing that loan.

master definitions and construction schedule means together, the amended and restated master definitions and construction schedule and the Master Issuer master definitions and construction schedule originally signed on 28 November 2006, in each case as amended and restated from time to time, which are schedules of definitions used in the transaction documents.

master intercompany loan means all the term advances made available by the Master Issuer to Funding under the relevant intercompany loan pursuant to the master intercompany loan agreement.

master intercompany loan agreement means the master intercompany loan agreement entered into on 28 November 2006 between Funding, the Master Issuer and the security trustee, as amended, restated, novated, replaced or supplemented from time to time.

master intercompany loan enforcement notice means an enforcement notice served by the security trustee in relation to the enforcement of the Funding security following a master intercompany loan event of default under the master intercompany loan.

master intercompany loan event of default means an event of default under the master intercompany loan agreement.

Master Issuer means Holmes Master Issuer plc.

Master Issuer account banks means the sterling account bank and the non-sterling account bank.

Master Issuer bank account agreement means the agreement entered into on 28 November 2006 between the issuing cash managers and the Master Issuer (as the same may be amended, restated, novated, replaced or supplemented from time to time) which governs the operation of the Master Issuer transaction accounts.

Master Issuer cash management agreement means the Master Issuer cash management agreement entered into on 28 November 2006 between the issuing cash manager, the Master Issuer and the Master Issuer security trustee (as the same may be amended, restated, novated, replaced or supplemented from time to time), as described further in "**Cash management for the Master Issuer**".

Master Issuer cash manager means Santander UK acting, pursuant to the Master Issuer cash management agreement, as agent for the Master Issuer and the Master Issuer security trustee to manage all cash transactions and maintain certain ledgers on behalf of the Master Issuer.

Master Issuer collateral account means the designated bank account of the Master Issuer into which collateral posted by the relevant Master Issuer swap provider will be deposited if required pursuant to the relevant Master Issuer swap agreement.

Master Issuer corporate services agreement means an agreement entered into on 28 November 2006 between the Master Issuer, the corporate services provider and the Master Issuer security trustee (as the same may be amended, restated, novated, replaced or supplemented from time to time), which governs the provision of corporate services by the corporate services provider to the Master Issuer.

Master Issuer corporate services provider means Wilmington Trust SP Services (London) Limited.

Master Issuer deed of charge means the deed of charge entered into on 28 November 2006 between, among others, the Master Issuer and the Master Issuer security trustee (as the same may be amended, restated, novated, replaced or supplemented from time to time), under which the Master Issuer charges the Master Issuer security in favour of the Master Issuer security trustee for the benefit of the Master Issuer secured creditors, as described further in "**Security for the Master Issuer's obligations**".

Master Issuer notes means all of the class A notes, the class B notes, the class M notes, the class C notes and the class Z notes of any series issued by the Master Issuer.

Master Issuer paying agent and agent bank agreement means the agreement entered into on 28 November 2006 (as amended, restated, supplemented, replaced and/or novated from time to time) which sets out the appointment of the paying agents, the registrar, the transfer agent and the agent bank for the Master Issuer notes.

Master Issuer post enforcement priority of payments means the order in which, following enforcement of the Master Issuer security, the Master Issuer security trustee will apply the amounts received following enforcement of the Master Issuer security, as set out in "**Cashflows—Distribution of Master Issuer principal receipts and Master Issuer revenue receipts following enforcement of the Master Issuer security and enforcement of the Funding Security**".

Master Issuer pre-enforcement revenue priority of payments means the order in which, prior to enforcement of the Master Issuer security, the issuing cash manager will apply the Master Issuer revenue receipts on each interest payment date, as set out in "**Cashflows—Distribution of Master Issuer revenue receipts**".

Master Issuer principal receipts means an amount equal to the sum of all principal amounts repaid by Funding to the Master Issuer under the master intercompany loan.

Master Issuer rated notes means together the Master Issuer class A notes, the Master Issuer class B notes, the Master Issuer class M notes and the Master Issuer class C notes.

Master Issuer revenue receipts means, in relation to an interest payment date, an amount equal to the sum of:

- (a) interest to be paid by Funding on the relevant interest payment date in respect of the term advances under the master intercompany loan agreement;
- (b) fees to be paid to the Master Issuer by Funding on the relevant interest payment date under the terms of the master intercompany loan agreement;
- (c) interest payable on the Master Issuer's bank accounts (but excluding any interest in respect of collateral provided by a Master Issuer swap provider to the Master Issuer) and any authorised investments which will be received on or before the relevant interest payment date; and
- (d) other net income of the Master Issuer including amounts received or to be received under the Master Issuer swap agreements on or before the relevant interest payment date (without double counting) (other than any early termination amount received by the Master Issuer under the Master Issuer swap agreements and any amount to be credited to the relevant Master Issuer collateral account, including

interest thereon, subject to the circumstances described in "**Cashflows—Collateral in the Master Issuer post enforcement priority of payments**").

Master Issuer secured creditors means the Master Issuer security trustee, the Master Issuer swap providers, the note trustee, the noteholders, the Master Issuer account banks, the paying agents, the registrar, the transfer agent, the agent bank, the corporate services provider, the Master Issuer cash manager and any new Master Issuer secured creditor who accedes to the Master Issuer deed of charge from time to time under a deed of accession or a supplemental deed.

Master Issuer security means security created by the Master Issuer pursuant to the Master Issuer deed of charge in favour of the Master Issuer secured creditors.

Master Issuer security trustee means The Bank of New York Mellon, acting through its London branch at 160 Queen Victoria Street, London EC4V 4LA.

Master Issuer swap agreements means each 1992 ISDA Master Agreement (Multicurrency-Cross Border), schedules thereto and confirmations thereunder relating to Master Issuer swaps to be entered into on or before the closing date of a series in relation to a series and/or class (or sub-class) of Master Issuer notes, between the Master Issuer, the relevant Master Issuer swap provider and the Master Issuer security trustee (as amended, restated, novated, replaced or supplemented from time to time).

Master Issuer swap excluded termination amount means, in relation to a Master Issuer swap agreement, an amount equal to:

- (a) the amount of any termination payment due and payable to the relevant Master Issuer swap provider as a result of a Master Issuer swap provider default or following a Master Issuer swap provider downgrade termination event;

less

- (b) the amount, if any, received by the Master Issuer from a replacement swap provider upon entry by the Master Issuer into an agreement with such replacement swap provider to replace such Master Issuer swap agreement which has terminated as a result of such Master Issuer swap provider default or following the occurrence of such Master Issuer swap provider downgrade termination event.

Master Issuer swap provider means Santander UK and each other person who enters into a Master Issuer swap with the Master Issuer (other than the Master Issuer security trustee) and, in relation to a series and class (or sub-class) of Master Issuer notes, is identified as such in the relevant drawdown prospectus, supplemental prospectus or final terms.

Master Issuer swap provider default means the occurrence of an Event of Default under a Master Issuer swap agreement (as defined in the relevant Master Issuer swap agreement) where the Master Issuer swap provider is the Defaulting Party (as defined in the relevant Master Issuer swap agreement).

Master Issuer swap provider downgrade termination event means the occurrence of an additional termination event under a Master Issuer swap agreement following the failure by the Master Issuer swap provider to comply with the requirements of the ratings downgrade provisions set out in the relevant Master Issuer swap agreement.

Master Issuer swaps means the currency swaps entered into by the Master Issuer from time to time which enable the Master Issuer to hedge the amounts it receives and pays under the master intercompany loan agreement and the amounts it receives and must pay under each series and class of Master Issuer notes (other than sterling-denominated Master Issuer notes) in the specified currency, as identified in the relevant final terms.

Master Issuer transaction accounts means the following bank accounts that the Master Issuer currently maintains in its name: a sterling bank account with Santander UK at 2 Triton Square, Regent's Place, London NW1 3AN; and a euro account and a dollar account with Citibank, N.A., London Branch at Citigroup Centre, Canada Square, London E14 5LB.

Master Issuer transaction documents means the documents listed in "**Listing and general information**".

maximum loan maturity date means the later of:

- (a) October 2070; and
- (b) the month which falls two years prior to the earliest final maturity date of any outstanding notes (other than any money market notes for the purposes of Rule 2a-7 under the Investment Company Act).

maximum seller share permitted reduction amount means an amount which is calculated on each trust calculation date by the cash manager and has the meaning given to it on page 175.

MCOB means the Mortgages and Home Finance: Conduct of Business sourcebook under the FSMA.

MIG policies means mortgage indemnity guarantee policies.

minimum rate loans means loans subject to a minimum rate of interest.

minimum required ratings means with respect to the bank account agreement (i) short-term, unsubordinated, unguaranteed and unsecured debt obligations rated at least P-1 by Moody's, (ii) unsubordinated, unguaranteed and unsecured debt obligations rated at least A-1 short-term and A long-term (or, if the related institution has no short-term rating from S&P, at least A+ long-term) by S&P, and (iii) short-term and long-term IDR of least F-1 and A, respectively, by Fitch.

minimum seller share means an amount included in the current seller share which is calculated in accordance with the mortgages trust deed as further described under "**The mortgages trust**".

minimum yield means the weighted average SONIA rate calculated on the immediately preceding interest payment date (in respect of the then current interest period) plus 0.75 per cent. (or any higher percentage specified in the most recent final terms).

money market notes means the bullet redemption notes or scheduled redemption notes, the final maturity date of which will be less than 397 days from the closing date on which such Master Issuer notes are issued.

monthly payment means the amount which the relevant mortgage terms require a borrower to pay on each monthly payment day in respect of that borrower's loan.

Moody's means Moody's Investors Service Limited.

Moody's portfolio variation test means the calculation methodology provided by Moody's to the servicer from time to time for the purpose of calculating the Moody's portfolio variation test value.

Moody's portfolio variation test value means a certain percentage resulting from the application of the Moody's portfolio variation test.

mortgage means the legal charge or standard security securing a loan.

mortgage account means all loans secured on the same property will be incorporated in the same mortgage account.

mortgage conditions means the terms and conditions applicable to the loans as contained in the seller's "**Mortgage Conditions**" booklet for England and Wales or Scotland applicable from time to time.

mortgagee means the party in whose favour a mortgage is granted.

mortgage sale agreement means the mortgage sale agreement entered into on 26 July 2000 as amended, restated and/or supplemented on 29 November 2000, 23 May 2001, 5 July 2001, 8 November 2001, 7 November 2002, 26 March 2003, 1 April 2004, 8 December 2005, 8 August 2006, 28 November 2006, 20 March 2008, 19 December 2008, 16 July 2009, 8 October 2010, 29 August 2013, 18 December 2014, 12 November 2010, 18 April 2016, 24 May 2019, 5 June 2020, 30 June 2021, 24 May 2022 and 13 May 2024 and made between the seller, the mortgages trustee, Funding and the security trustee in relation to the

assignment of the portfolio to the mortgages trustee, as further described in "**Assignment of the loans and their related security**".

mortgage terms means all the terms and conditions applicable to a loan, including without limitation the applicable mortgage conditions and offer conditions.

mortgages trust means the bare trust of the trust property held by the mortgages trustee as to both capital and income on trust absolutely for Funding (as to the Funding share) and the seller (as to the seller share), so that each has an undivided beneficial interest in the trust property.

mortgages trust available principal receipts means the principal receipts and the retained principal receipts available to the mortgages trustee to distribute in accordance with the terms of the mortgages trust deed.

mortgages trust available revenue receipts means an amount equal to the aggregate of the following amounts, as calculated on each trust calculation date in respect of the immediately preceding trust calculation period:

- (a) revenue receipts on the loans (but excluding principal receipts); and
- (b) interest payable to the mortgages trustee on the mortgages trustee GIC account and the alternative accounts,

less

- (c) third party amounts (which amounts may be paid daily from monies on deposit in the mortgages trustee GIC account or, as applicable, the alternative accounts).

mortgages trust deed means the mortgages trust deed dated 29 November 2000, as supplemented, amended and/or restated from time to time, including on 13 May 2024, between (among others) the mortgages trustee, Funding and the seller, as further described in "**The mortgages trust**".

mortgages trustee means Holmes Trustees Limited.

mortgages trustee GIC account means the account in the name of the mortgages trustee maintained with account bank B pursuant to the terms of the bank account agreement and the mortgages trustee guaranteed investment contract or such additional or replacement account as may for the time being be in place.

mortgages trustee GIC provider means Santander UK.

mortgages trustee GIC rate means, in respect of an interest period, the higher of (a) the Bank of England Base Rate or such other rate as may be agreed by the mortgages trustee GIC provider and the mortgages trustee which is published by the Bank of England and commonly used (or intended to be used) in the UK for the calculation of interest on deposits (or any higher percentage as specified in the most recent final terms), and (b) zero.

mortgages trustee guaranteed investment contract means the guaranteed investment contract entered into between the mortgages trustee and the mortgages trustee GIC provider under which the mortgages trustee GIC provider agrees to pay the mortgages trustee a guaranteed rate of interest on the balance of the mortgages trustee GIC account, as described further in "**Credit structure—Mortgages trustee GIC account/Funding GIC account**".

mortgages trustee SVR means the standard variable rate which applies to certain variable rate loans in the portfolio as set by the servicer, as described further in "**The servicing agreement**".

national mortgage lending policy means the lending policy of the seller as varied from time to time.

new funding entity means a new entity, being a wholly owned subsidiary of Holdings that is not established as at the date of this base prospectus and which, if established by Holdings in the future, may use the proceeds of term advances received from new issuing entities, also established by Holdings in the future, under new intercompany loans (with the agreement of the seller and Funding) to acquire an interest in the trust property.

new intercompany loan agreements means the intercompany loan agreements made between any new issuing entity and Funding or a new funding entity.

new intercompany loans means (i) any new intercompany loans made available by the Master Issuer to Funding under the master intercompany loan agreement in respect of a particular issue issued on a date later than the closing date of the relevant final terms or (ii) any new intercompany loans made available by a new issuing entity to Funding or a new funding entity under a new intercompany loan agreement.

new issue means the issue of new notes to investors by a new issuing entity to fund a new intercompany loan or the issue of further Master Issuer notes by the Master Issuer.

new issuing entity means a new wholly owned subsidiary of Holdings that is not established as at the closing date and which, if established, will issue new notes and make a new intercompany loan or loans to Funding or a new funding entity.

new loans means loans, other than the current loans, which the seller may assign, from time to time, to the mortgages trustee pursuant to the terms of the mortgage sale agreement.

new notes means an issue of notes by a new issuing entity.

new portfolio has the meaning given to that term in the master definitions and construction schedule.

new portfolio notice means a notice in the form as set out in the mortgage sale agreement served in accordance with the terms of the mortgage sale agreement.

new related security means the security for the new loans which the seller may assign to the mortgages trustee pursuant to the mortgage sale agreement.

new start-up loan agreement means a new start-up loan agreement to be entered into by a new start-up loan provider, Funding and the security trustee.

new start-up loan and new start-up loan provider means a new start-up loan to be made available to Funding by a new start-up loan provider when Funding or a new funding entity enters into a new intercompany loan agreement.

new swap agreement means a swap agreement to be entered into by a new issuing entity, a new swap provider and a new security trustee.

new term advances means (i) any new term advance made by the Master Issuer to Funding under the master intercompany loan agreement (ii) any new term advance made by a new issuing entity to Funding under a new intercompany loan agreement entered into by Funding with that new issuing entity or (iii) any new term advance made by a new issuing entity to a new funding entity under a new intercompany loan agreement entered into by a new funding entity with that new issuing entity.

New York business day means a day (other than a Saturday or a Sunday) on which banks are generally open for business in the city of New York.

NIRM amount means, in respect of a calculation period under a Master Issuer swap agreement, the amount payable to the Master Issuer swap provider pursuant to section 6.4 (Floating Negative Interest Rates) of the 2006 ISDA Definitions of the relevant Master Issuer swap agreement in respect of such calculation period.

a **non-asset trigger event** will occur if:

- (a) an insolvency event occurs in relation to the seller;
- (b) the role of the seller as servicer under the servicing agreement is terminated and a new servicer is not appointed within 60 days; or
- (c) on the trust calculation date immediately succeeding a seller share event trust calculation date, the current seller share is equal to or less than the minimum seller share (determined using the amounts of

the current seller share and minimum seller share that would exist after making the distributions of the principal receipts due on the distribution date immediately following that trust calculation date on the basis that the cash manager assumes that those principal receipts are distributed in the manner described under "**Mortgages trust allocation and distribution of principal receipts prior to the occurrence of a trigger event**").

non bullet Funding principal amounts means all mortgages trust available principal receipts distributed to Funding on each distribution date, but excluding (i) amounts allocated to the first reserve fund or the liquidity reserve fund and (ii) bullet amounts due in respect of any bullet term advance which is in a cash accumulation period.

non-compliant loan has the meaning given to that term on page 168.

non-LSE listed notes has the meaning given to that term on page 3.

non-sterling account bank means Santander UK acting through its branch at 2 Triton Square, Regent's Place, London NW1 3AN.

noteholders means the holders of Master Issuer notes, previous notes or new notes, as applicable, or any of them as the context requires.

note enforcement notice means an enforcement notice served by the note trustee or the Master Issuer security trustee in relation to the enforcement of the Master Issuer security following a note event of default under the Master Issuer notes.

note event of default means an event of default under condition **10** of the Master Issuer notes where the Master Issuer is the defaulting party.

note principal payment means the amount of each principal payment payable on each Master Issuer note.

notes means all of the Master Issuer notes, the previous notes and any new notes (including the Class Z variable funding notes).

note trustee means The Bank of New York Mellon, acting through its London branch at 160 Queen Victoria Street, London EC4V 4LA.

NR principal deficiency sub-ledger means one of five sub-ledgers on the principal deficiency ledger which specifically records any principal deficiency in respect of any term NR term advances.

NR term advances means the term advances made by the Master Issuer to Funding under the master intercompany loan agreement from the proceeds of issue of any series of class Z notes.

NR VFN term advance means a term advance made by the Master Issuer to Funding under the intercompany loan agreement from the proceeds of issue of and increase amounts under any class Z variable funding note.

NSS means the New Safekeeping Structure for global notes which are intended to constitute eligible collateral for Eurosystem monetary policy operations.

offer conditions means the terms and conditions applicable to a specific loan as set out in the relevant offer letter to the borrower.

OFT means the Office of Fair Trading.

Ombudsman means the Financial Ombudsman Service.

originator means Santander UK.

outstanding amount means following enforcement of a loan, the amount outstanding on the payment of that loan after deducting money received under the applicable mortgage indemnity guarantee policy.

outstanding principal balance means:

- (a) in relation to a loan at any date (the determination date), the aggregate at such date (but avoiding double counting) of:
- (i) the initial advance;
 - (ii) capitalised expenses;
 - (iii) capitalised arrears; and
 - (iv) further advances and/or flexible loan drawings,
- in each case relating to such loan less any prepayment, repayment or payment of the foregoing made on or prior to the determination date; and
- (b) in relation to the an intercompany loan, means the unpaid principal balance of that intercompany loan (including any capitalised arrears) or, as the context so requires, of a term advance made under that intercompany loan.

Panel Bank Guidelines means guidelines set out from time to time by the cash manager for the purpose of depositing amounts standing to the credit of the Funding transaction account with eligible banks subject to and in accordance with the terms of the cash management agreement and which are described under “**Descriptions of the Transaction Documents—Cash Management Agreement—Deposits with eligible banks in accordance with panel bank guidelines**”.

pass-through notes means any series and class (or sub-class) of Master Issuer notes which has no scheduled repayment date other than the final maturity date and which is designated as "pass-through" in the applicable final terms.

pass-through term advance means a term advance which has no scheduled repayment date other than the final repayment date and which is designated as a "**pass-through**" term advance in the relevant final terms.

paying agents means the principal paying agent and the U.S. paying agent.

payment holiday means a period during which a borrower may suspend payments under a mortgage loan where the borrower is permitted under the mortgage terms to do so and will therefore not be in breach of the mortgage terms.

payment rate date means the eighth day (or, if not a London business day, the next succeeding London business day) of each month.

payment rate period means the period from and including a payment rate date to but excluding the next payment rate date.

permitted product switch has the meaning given on page 169.

permitted replacement loan has the meaning given to it on page 169.

portfolio means at any time the loans and their related security assigned to the mortgages trustee and held by the mortgages trustee on trust for the beneficiaries.

post-perfection SVR-SONIA margin means 2.95 per cent or any higher percentage specified as such in the most recent final terms.

potential seller principal distribution amount means the amount of mortgages trust available principal receipts that (absent any distributions of the mortgages trust available principal receipts to be made in respect of the funding loan) are available to be distributed to the seller as determined by the cash manager pursuant to the terms of the cash management agreement.

PRA means the Prudential Regulation Authority.

previous closing dates means in respect of the previous notes issued by the Master Issuer, the date on which such previous notes were issued.

previous intercompany loans means any previous loans made available by the Master Issuer to Funding under the master intercompany loan agreement in respect of a particular issue issued on a date prior to the closing date of the relevant final terms.

previous issues means the issue of the previous notes.

previous notes means notes issued by the Master Issuer before the closing date specified in the relevant final terms.

previous term advances means any previous term advance made by the Master Issuer to Funding under the master intercompany loan agreement before the closing date specified in the relevant final terms.

principal deficiency means any losses arising in relation to a loan in the portfolio which causes a shortfall in the amount available to pay principal on the term advances.

principal deficiency ledger means the ledger of such name maintained by the cash manager, comprising on the date of this base prospectus six sub-ledgers, the AAA principal deficiency sub-ledger, the AA principal deficiency sub-ledger, the A principal deficiency sub-ledger, the BBB principal deficiency sub-ledger, the NR principal deficiency sub-ledger and the Funding loan principal deficiency sub ledger and which records any deficiency of principal (following a loss on a loan or the application of principal receipts to meet any deficiency in Funding available revenue receipts) in respect of payments due under the outstanding intercompany loans.

principal deficiency sub ledger means singly or together (as the context requires) the AAA principal deficiency sub ledger, the AA principal deficiency sub ledger, the A principal deficiency sub ledger, the BBB principal deficiency sub ledger, the NR principal deficiency sub ledger and the Funding loan principal deficiency sub ledger and/or such additional principal deficiency sub ledgers that may be established from time to time after the initial closing date.

principal ledger means the ledger of such name maintained by the cash manager on behalf of the mortgages trustee pursuant to the cash management agreement to record any retained principal receipts plus principal receipts on the loans and payments of principal from the mortgages trustee GIC account to Funding and the seller on each distribution date. Together the principal ledger and the revenue ledger reflect the aggregate of all amounts of cash standing to the credit of the mortgages trustee GIC account.

principal paying agent means The Bank of New York Mellon, acting through its London branch acting through its specified office at 160 Queen Victoria Street, London EC4V 4LA.

principal payment rate or **PPR** means the average monthly rolling principal payment rate on the loans for the 12 months immediately preceding the relevant trust calculation date calculated on each such date by:

- (a) dividing (i) the aggregate principal receipts received in relation to the loans during the immediately preceding month on such calculation date by (ii) the aggregate outstanding principal balance of the loans on the previous calculation date;
- (b) aggregating the result of the calculation in (a) above with the results of the equivalent calculation made on each of the eleven most recent calculation dates during the relevant 12 month period; and
- (c) dividing the result of the calculation in (b) above by 12.

principal prepayment rate means a constant rate per annum of unscheduled principal receipts assumed to have been produced by the loans included in the portfolio, due to the full or partial prepayment of any loans included in the portfolio prior to the relevant repayment dates or (as the case may be) maturity dates applicable to those loans.

principal receipts means all principal amounts received from borrowers in respect of the loans or otherwise paid or recovered in respect of the loans and their related security representing monthly repayments of principal, prepayments of principal, redemption proceeds and amounts recovered on enforcement

representing principal (but excluding principal received or treated as received in respect of a loan subsequent to the completion of enforcement procedures and certain early repayment fees).

product switch means a variation to the financial terms and conditions of a loan other than:

- (a) any variation agreed with a borrower to control or manage arrears on the loan (excluding any variation or arrangement agreed with a borrower made pursuant to the Homeowner Mortgage Support Scheme as set out by HM Treasury in a press notice on 10 December 2008 and as set out in further detail by the Department for Communities and Local Government in a press release on 21 April 2009) (or a comparable scheme operated by the seller);
- (b) any variation in the maturity date of the loan (other than an extension beyond the maximum loan maturity date);
- (c) any variation imposed by statute;
- (d) subject to the mortgage sale agreement, any variation of the principal available and/or the rate of interest payable in respect of the loan where that rate is offered to the borrowers of more than 10 per cent. by outstanding principal amount of loans comprised in the trust property in any interest period; or
- (e) any variation in the frequency with which the interest payable in respect of the loan is charged.

programme has the meaning given to that term on page i.

programme agreement means the agreement entered into on 17 November 2006 and as further amended from time to time, between amongst others, the Master Issuer, Funding and the dealers named therein (or deemed named therein).

programme date means 28 November 2006.

programme resolution has the meaning given to that term on page 338.

prospectus means the prospectus or other offering document pursuant to which Master Issuer notes were issued.

prospectus rules has the meaning given to that term on page ii.

purchase agreement means a note purchase agreement in the form as may be agreed between the Master Issuer and the dealers.

purchase option has the meaning set forth in condition 6.8 of the Master Issuer notes.

purpose-built means in respect of a residential dwelling, built or made for such a residential purpose (as opposed to converted).

QIB means a qualified institutional buyer within the meaning of Rule 144A under the Securities Act.

rating means the ratings assigned by the relevant rating agencies to the current Master Issuer rated notes or new issuing entity rated notes.

rating agencies means, in respect of any Master Issuer rated notes, two or more of Moody's, S&P and/or Fitch (in each case, as specified in the applicable final terms and only if they have provided a rating in respect of those Master Issuer rated notes). Each of the rating agencies is established in the UK and is registered under the UK CRA Regulation and is included in the list of credit rating agencies published by FCA on its website in accordance with the UK CRA Regulation.

reasonable, prudent mortgage lender means includes a lender acting within the policy applied by the seller from time to time to the originating, underwriting and servicing of loans beneficially owned by the seller outside the mortgages trust.

receiver means a receiver appointed by the Master Issuer security trustee and/or the security trustee, respectively pursuant to the Master Issuer deed of charge and/or the Funding deed of charge.

reference date has the meaning given to that term on page 222.

reference index has the meaning give on page 285.

reference lenders means Barclays Bank plc, Lloyds Bank plc, National Westminster Bank plc, Bank of Scotland plc and Nationwide Building Society (or their respective successors) and such additional or replacement residential mortgage lenders as shall be determined by the calculation agent under the relevant Funding swap agreement and **reference lender** means any one of them.

refinancing contribution has the meaning given to that term on page 190.

Registers of Scotland means the Land Register of Scotland and/or the General Register of Sasines.

registrar means The Bank of New York Mellon S.A./N.V., Luxembourg Branch (formerly The Bank of New York Mellon (Luxembourg) S.A.) at Vertigo Building – Polaris, 2-4 rue Eugène Ruppert L-2453 Luxembourg.

Reg S or Regulation S means Regulation S under the Securities Act.

Reg S global notes means each Reg S note represented on issue by a global note in registered form for each such class.

Reg S notes means each class of Master Issuer notes sold in reliance on Regulation S.

Regulated Activities Order or RAO means the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001.

regulated mortgage contract means a mortgage contract which falls within the definition of "regulated mortgage contract", under the Regulated Activities Order (as applicable at the relevant time).

regulation effective date means the date on which FSMA rules relating to the regulation of mortgages came into effect, namely 31 October 2004.

Regulations means the Unfair Terms in Consumer Contracts Regulations 1994 and 1999.

reinstatement means in relation to a property that has been damaged, repairing or rebuilding that property to the condition that it was in prior to the occurrence of the damage.

related security in relation to a loan, the security for the repayment of that loan including the relevant mortgage or standard security and all other matters applicable thereto acquired as part of the portfolio assigned to the mortgages trustee.

relevant bullet amount has the meaning given to it under "**The mortgages trust—Cash management and allocation of trust property—Principal receipts**".

relevant closing date means, in respect of a series and class (or sub-class) of Master Issuer notes, the closing date specified in the relevant final terms.

relevant issuing entities means the Master Issuer and any new issuing entities, as applicable.

required subordinated amount means the class A required subordinated amount, the class B required subordinated amount, the class C required subordinated amount and/or the class M required subordinated amount, as applicable.

required subordinated percentage means the class A required subordinated percentage, the class B required subordinated percentage, the class C required subordinated percentage and/or the class M required subordinated percentage, as applicable.

reserve funds means the first reserve fund, the Funding reserve fund and the Funding liquidity reserve fund.

reserve ledgers means the first reserve ledger, the Funding reserve ledger and Funding liquidity reserve ledger.

restructuring plan has the meaning given on page 62.

retained principal receipts has the meaning given to it under "**The mortgages trust—Cash management and allocation of trust property—Principal receipts**".

revenue ledger means the ledger(s) of such name created and maintained by the cash manager on behalf of the mortgages trustee pursuant to the cash management agreement to record revenue receipts on the loans and interest from alternative accounts and the mortgages trustee GIC account and payments of revenue receipts from the mortgages trustee GIC account to Funding and the seller on each distribution date. The revenue ledger and the principal ledger together reflect the aggregate of all amounts of cash standing to the credit of the mortgages trustee GIC account and the alternative accounts.

revenue receipts means amounts received by the mortgages trustee in respect of the loans other than principal receipts and third party amounts and whether received in the mortgages trustee GIC account or any alternative account.

reward cashback means an amount that the seller has agreed to pay to a borrower under a reward loan at periodic intervals whilst such reward loan is outstanding.

reward loan means a loan which includes a reward cashback.

Rule 144A global notes means the Rule 144A notes while in global form.

Rule 144A notes means each series and class (or sub-class) of Master Issuer notes which are sold in the United States to qualified institutional buyers within the meaning of Rule 144A.

S&P means S&P Global Ratings Europe Limited.

Santander A-2/P-2/F2 account means a bank account held at and maintained with Santander UK whilst it maintains its current FSMA authorisations to accept deposits and:

- (a) its short-term, unsubordinated, unguaranteed and unsecured debt obligation ratings of account bank B is below P-1 but at least P-2 by Moody's; and
- (b) its short-term and long-term IDR is below F1+ and AA- but at least F2 and BBB+ respectively by Fitch; and
- (c) its unsubordinated, unguaranteed and unsecured debt obligation ratings are below A-1+ short-term and AA long-term but at least A-2 short-term and BBB+ long-term by S&P.

Santander UK means Santander UK plc (see "**The Santander UK group of companies**" in this base prospectus).

Santander UK Group means Santander UK plc and its subsidiaries.

Santander UK optional purchase agreement means the agreement (if any) to be entered into between Santander UK and the note trustee pursuant to which Santander UK will be entitled to procure the sale to itself of all, but not some only, of the class B notes and/or class M notes and/or class C notes and/or class Z notes in accordance with condition 6.8 of the Master Issuer notes and the relevant final terms.

Santander UK SVR means the standard variable rate set by the seller which applies to all variable rate loans (other than tracker loans) beneficially owned by the seller on the seller's residential mortgage book.

scheduled amortisation amount has the meaning given to it under "**The mortgages trust—Cash management and allocation of trust property—Principal receipts**".

scheduled amortisation period means the period commencing on the interest payment date falling 3 months before the interest payment date which is the scheduled repayment date of a scheduled amortisation amount or such other date set out in the relevant final terms and which ends on the date that an amount equal to the relevant scheduled amortisation amount has been accumulated by Funding.

scheduled amortisation term advances means any term advance that is scheduled to be repaid in instalments on one or more scheduled repayment dates (the last of which may occur prior to the final repayment date), namely those term advances designated as a "**scheduled amortisation**" term advance.

scheduled redemption dates means, in respect of a series and class (or sub-class) of notes, the interest payment date, if any, specified in the relevant prospectus or (in the case of the Master Issuer notes) the relevant final terms, for the payment of principal, subject to the terms and conditions of the Master Issuer notes.

scheduled redemption notes means any series and class (or sub-class) of Master Issuer notes which is scheduled to redeem on one or more dates and in the amounts specified in the relevant final terms.

scheduled repayment means the principal amount due to be paid on the scheduled repayment date of the relevant term advances.

scheduled repayment dates means, in respect of a term advance, the interest payment date(s) specified in the relevant prospectus or (in the case of the Master Issuer notes) the relevant final terms and term advance supplement for the scheduled repayment of principal.

Scottish declaration of trust means each declaration of trust granted by the seller in favour of the mortgages trustee pursuant to the mortgage sale agreement transferring the beneficial interest in Scottish loans and their related security to the mortgages trustee.

Scottish loan means a loan secured by a Scottish mortgage.

Scottish mortgage means a mortgage over a property in Scotland.

Scottish mortgage conditions means the mortgage conditions applicable to Scottish loans.

Scottish Sasine transfer has the meaning given to that term on page 62.

SEC means the United States Securities and Exchange Commission.

Securities Act means the United States Securities Act of 1933, as amended.

Securities Exchange Act means the United States Securities Exchange Act of 1934, as amended.

security trustee means The Bank of New York Mellon, acting through its London branch at 160 Queen Victoria Street, London EC4V 4LA.

seller means Santander UK.

seller loss amount has the meaning given to it under "**The Mortgages Trust—Losses**".

seller's policy means the originating, underwriting, administration, arrears and enforcement policy applied by the seller from time to time to loans and their related security owned solely by the seller.

seller share or **seller's share** means the seller share of the trust property from time to time as calculated on each trust calculation date.

seller share event has the meaning given to it under "**The mortgages trust—Cash management and allocation of trust property—principal receipts**".

seller share event trust calculation date means a trust calculation date on which a seller share event occurs.

seller share percentage means the percentage share of the seller in the trust property from time to time, calculated in accordance with the formula described in "**The mortgages trust—seller share of the trust property**".

seller share repurchase loans has the meaning given to it on page 172.

senior expenses means amounts ranking in priority to interest due on the term advances.

servicer means Santander UK or such other person as may from time to time be appointed as servicer of the portfolio pursuant to the servicing agreement.

servicing agreement means the agreement between the mortgages trustee, the security trustee and Funding (as amended and restated from time to time, including on 30 June 2021) under which the servicer agrees to administer the loans and their related security comprised in the portfolio, as described further in "**The servicing agreement**".

shortfall means the deficiency of Funding available income receipts on an interest payment date over the amounts due by Funding under the Funding pre- enforcement revenue priority of payments.

specified minimum rate means the rate specified in the offer conditions.

SOFR means the Secured Overnight Financing Rate.

SOFR administrator has the meaning given to it in condition 5.2(b)(ii) of the Master Issuer notes.

SOFR index has the meaning given to it in condition 5.2(b)(ii) of the Master Issuer notes.

SONIA means the Sterling Overnight Index Average benchmark risk-free rate administered by the Bank of England.

SONIA administrator has the meaning given to it in condition 5.2(b)(ii) of the Master Issuer notes.

SONIA index has the meaning given to it in condition 5.2(b)(ii) of the Master Issuer notes.

SONIA screen page means the Reuters Screen SONIA Page (or, if such page is no longer available, any replacement or successor page showing the relevant information).

SONIA spot rate means, with respect to publication on any London business day, the daily Sterling Overnight Index Average (SONIA) published on such London business day (and relating to the immediately preceding London business day) as provided by the administrator of SONIA to authorised distributors and as then published on the SONIA screen page (or, if the SONIA screen page is unavailable, as otherwise published by such authorised distributors).

stabilised rate means the rate to which any loan reverts after the expiration of any period during which any alternative method(s) of calculating the interest rate specified in the offer conditions are used.

start-up loan agreements means the current start-up loan agreements, all new start-up loan agreements and the extraordinary payment holiday start-up loan agreement.

start-up loan provider means Santander UK, in its capacity as provider of any new start-up loan and the extraordinary payment holiday start-up loan.

step-up date means:

- (i) in respect of any intercompany loan, the interest payment date on which the interest rate payable in respect of the relevant term advances made thereunder increases by a pre-determined amount or that is designated as such in the relevant term advance supplement; and
- (ii) in respect of any notes, the date on which the interest rate payable by the Master Issuer in respect of those notes increases by a pre-determined amount as specified in the applicable final terms,

(and for the avoidance of doubt, if a "step-up date" is indicated in the relevant final terms or the relevant term advance supplement but no increase in interest rate is included, such indication should not be regarded as a step-up date);

sterling account bank means Santander UK acting through its branch at 2 Triton Square, Regent's Place, London NW1 3AN.

stressed excess spread has the meaning given to it on page 111.

subscription agreement means an agreement supplemental to the programme agreement in or substantially in the form set out in the programme agreement or such other form as may be agreed between the Master Issuer and the dealers.

subsidiary means a subsidiary as defined in Section 1159 of the Companies Act 2006.

SVR means the Santander UK SVR or the mortgages trustee SVR, as applicable.

SVR loan means a loan which is subject to the mortgages trustee SVR or, as applicable, the Santander UK SVR.

swap agreements means the Funding swap agreements and the Master Issuer swap agreements.

swap early termination event means a circumstance in which a swap agreement can be terminated prior to its scheduled termination date.

swap provider amount has the meaning given to it on page 241.

swap providers means the Funding swap provider and/or any of the Master Issuer swap providers.

swap replacement payment means any payment received by the Master Issuer from a replacement swap counterparty as consideration for the entry into by the Master Issuer of a replacement swap.

T2 means the real time gross settlement system operated by the Eurosystem (or any successor system).

TARGET Business Day means a day on which the T2 system is open for the settlement of payments in euro.

term A advances means the term advances made by the Master Issuer to Funding under the intercompany loan agreement from the proceeds of issue of any series of class M notes.

term AA advances means the term advances made by the Master Issuer to Funding under the intercompany loan agreement from the proceeds of issue of any series of class B notes.

term AAA advances means the term advances made by the Master Issuer to Funding under the intercompany loan agreement from the proceeds of issue of any series of class A notes.

term advances means the outstanding previous term advances, the current term advances or the new term advances.

term advance rating means the designated rating assigned to a term advance which corresponds to the rating of the class of Master Issuer rated notes when first issued to provide funds for that term advance so that, for example, any term AAA advance has a term advance rating of AAA to reflect the ratings of AAA/Aaa/AAA then assigned to the corresponding notes provided that the class Z notes or class Z variable funding notes are not expected to be assigned a rating and therefore the corresponding term advances are referred to as NR term advances (being "non-rated").

term advance supplement means in relation to any term advance made available by the Master Issuer, the document between, amongst others, Funding and the Master Issuer recording the principal terms of such term advance.

term BBB advances means the term advances made by the Master Issuer to Funding under the intercompany loan agreement from the proceeds of issue of any series of class C notes.

term NR advances means any term advance made by the Master Issuer to Funding under the intercompany loan agreement from the proceeds of issue of any series of class Z notes or in the case of a term NR VFN advance from the proceeds of issue of, and any increase amounts (if any) subscribed under, a class z variable funding note.

term NR VFN advance means any term advance made by the Master Issuer to Funding under the intercompany loan agreement from the proceeds of issue of, and increase amounts under, a class z variable funding note.

terraced means a house in a row of houses built in one block in a uniform style.

third party amounts includes:

- (a) payments of high loan-to-value fees due to the seller;
- (b) amounts under a direct debit which are repaid to the bank making the payment if such bank is unable to recoup that amount itself from its customer's account;
- (c) payments by borrowers of early repayment fees and product charges which are due to the seller; and/or
- (d) recoveries in respect of amounts deducted from loans as described in paragraph (a) under "**The mortgages trust—Funding share of the trust property**" above, which will belong to and be paid to Funding and/or the seller as described therein.

tracker loan means a loan where interest is linked to an interest rate other than the SVR. For example, the rate on a tracker loan may be the follow-on rate.

tracker rate loans Funding swap(s) has the meaning given to it on page 240.

tracker rate means the rate of interest applicable to a tracker loan.

transaction account means the account in the name of the Master Issuer maintained with the sterling account bank pursuant to the Master Issuer bank account agreement or such other additional or replacement account as may for the time being be in place.

transaction documents means the Master Issuer transaction documents, the current start-up loan agreements, any new intercompany loan agreements, new start-up loan agreements, new swap agreements, other documents relating to issues of new notes by new issuing entities, the mortgages trustee guaranteed investment contract and all other agreements referred to therein.

transfer agent means The Bank of New York Mellon S.A./N.V., Luxembourg Branch (formerly The Bank of New York Mellon (Luxembourg) S.A.) at Vertigo Building – Polaris, 2-4 rue Eugène Ruppert L-2453 Luxembourg.

transfer date means, in respect of an issue, the date (as specified in the relevant final terms) on which the remarketing bank agrees to seek purchasers of the relevant Master Issuer notes.

transfer price means, in respect of an issue, the price obtained by the remarketing bank from third party purchasers, prior to the relevant transfer date, for the relevant Master Issuer notes tendered by it.

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

trust calculation date means (i) prior to the day on which the mortgages trust is terminated, the London business day following the last day of each calendar month, and (ii) the day on which the mortgages trust is terminated.

trust calculation period means the period from (and including) the first day of each calendar month to (and including) the last day of that calendar month or, as applicable, the day on which the mortgages trust is terminated.

trust deed means the principal agreement entered into on 28 November 2006, as supplemented, amended and/or restated from time to time, including on 20 June 2007, 12 November 2010, 25 March 2011, 29 June 2012, 28 August 2012, 29 August 2013, 17 December 2014, 18 April 2016, 5 June 2020, 30 June 2021, 24 May 2022, 12 May 2023 and 13 May 2024 governing the Master Issuer notes, as further described in "**Description of the trust deed**".

trust property includes:

- (a) the sum of £100 settled by the corporate services provider on trust on the date of the mortgages trust deed;
- (b) the portfolio of loans and their related security assigned to the mortgages trustee by the seller at their relevant assignment dates;
- (c) any new loans and their related security assigned to the mortgages trustee by the seller;
- (d) any drawings under flexible loans;
- (e) any interest and principal paid by borrowers on their loans;
- (f) any other amounts received under the loans and related security (excluding third party amounts); and
- (g) amounts on deposit and interest earned on such amounts in the mortgages trustee GIC account and in the alternative accounts.

UK means the United Kingdom of Great Britain and Northern Ireland.

UK CRA Regulation means Regulation (EC) No 1060/2009 (as amended) as it forms part of UK domestic law by virtue of the EUWA.

UK LCR Regulation means Regulation (EU) 575/2013 of the European Parliament and the Council with regard to the liquidity coverage requirement for Credit Institutions as supplemented by the European Commission adopted text of the Commission Delegated Regulation (EU) 2015/61 of 10 October 2014 supplementing as it forms part of UK domestic law by virtue of the EUWA.

UK MiFIR means the Markets in Financial Instruments Directive 2014/65/EU as it forms part of UK domestic law by virtue of the EUWA.

UK Securitisation Regulation means Regulation (EU) 2017/2402 of the European Parliament and of the Council of 12 December 2017 laying down a general framework for securitisation and creating a specific framework for simple, transparent and standardised securitisation as it forms part of UK domestic law by virtue of the EUWA (together with any implementing regulation, technical standards, instruments, rules, policy statements and official guidance or other implementing measures of the FCA, the Bank of England, the PRA, the Pensions Regulator or other relevant UK regulator (or their successor) related thereto, in each case as amended, varied, superseded or substituted from time to time).

UK STS requirements means the requirements of Articles 19 to 22 of the UK Securitisation Regulation and Article 243 of the UK Capital Requirements Regulation.

underpayment means a reduced payment by the borrower under a flexible loan and where such reduced payment is in place of the monthly payment set out in the mortgage offer (or any changed monthly payment subsequently notified by the lender to the borrower), where there are sufficient available funds to fund the difference between the monthly payment and this reduced payment and where the borrower is not in breach of the mortgage terms for making such payment.

United States person means:

- (a) a citizen or resident of the United States;
- (b) a domestic partnership;
- (c) a domestic corporation;
- (d) any estate (other than a foreign estate); and
- (e) any trust if:
 - (i) a court within the United States is able to exercise primary supervision over the administration of the trust; and
 - (ii) one or more United States fiduciaries have the authority to control all substantial decisions of the trust.

USD, \$, US\$, U.S. dollars and dollars means the lawful currency for the time being of the United States of America.

U.S. global notes has the same meaning as Rule 144A global notes.

U.S. notes has the same meaning as Rule 144A notes.

U.S. paying agent means The Bank of New York Mellon, acting through its New York branch at 101 Barclay Street, New York, NY10286.

U.S. tax counsel means Cleary Gottlieb Steen & Hamilton LLP.

UTCCR means the Unfair Terms in Consumer Contracts Regulations 1994 together with the 1999 Regulations.

valuation means a methodology for determining the value of a property which would meet the standards of a reasonable, prudent mortgage lender (as referred to under "**The servicing agreement—Undertakings by the servicer**") and which has been approved by the Director of Group Property and Survey of the seller.

valuation fee means a fee incurred by borrowers as a result of the seller or servicer obtaining a valuation of the property.

variable mortgage rate means the rate of interest which determines the amount of interest payable each month on a variable rate loan.

variable rate loan means a loan where the interest rate payable by the borrower varies in accordance with a specified variable rate and in accordance with the relevant mortgage terms.

variable rate loans Funding swap(s) has the meaning given to it page 240.

VAT means value added tax.

Volcker Rule has the meaning given to that term on page i.

WAFF means weighted average repossession frequency.

WALS means weighted average loss severity.

weighted average Funding share percentage has the meaning given to it on page 177.

weighted average Funding share (losses) percentage has the meaning given to it on page 177.

weighted average Funding share (principal) percentage has the meaning given to it on page 177.

weighted average Funding share (revenue) percentage has the meaning given to it on page 177.

weighted average seller share percentage has the meaning given to it on page 179.

weighted average seller share (losses) percentage has the meaning given to it on page 180.

weighted average seller share (principal) percentage has the meaning given to it on page 180.

weighted average seller share (revenue) percentage has the meaning given to it on page 180.

weighted average SONIA rate means, in respect of an interest period, the weighted average (calculated by reference to the outstanding principal amount of each SONIA-linked intercompany loan during that interest period) of the SONIA based rates (without including any margin) payable under SONIA-linked intercompany loans for that interest period.

withholding tax refers to a means of collecting income tax under UK law, as further described in "**UK taxation—Payment of interest on the Master Issuer notes**".

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REGISTRAR AND TRANSFER AGENT
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The Bank of New York Mellon

New York Branch
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