IMPORTANT NOTICE

NOT FOR DISTRIBUTION TO ANY U.S. PERSON OR TO ANY PERSON OR ADDRESS IN THE U.S. EXCEPT TO QUALIFIED INSTITUTIONAL BUYERS WHO ARE ALSO QUALIFIED PURCHASERS (EACH AS DEFINED BELOW)

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

NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES AN OFFER TO SELL OR THE SOLICITATION OF AN OFFER TO BUY SECURITIES IN THE UNITED STATES OR ANY OTHER JURISDICTION WHERE IT IS UNLAWFUL TO DO SO. THE SECURITIES HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE **SECURITIES ACT**), OR THE SECURITIES LAWS OR "BLUE SKY" LAWS OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES AND THEREFORE MAY NOT BE OFFERED, SOLD, RESOLD OR DELIVERED WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS (AS DEFINED IN REGULATION S (**REGULATION S**) UNDER THE SECURITIES ACT), EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND ANY APPLICABLE STATE OR LOCAL SECURITIES LAWS. ACCORDINGLY, THE NOTES ARE BEING OFFERED AND SOLD (I) TO PERSONS THAT ARE "QUALIFIED INSTITUTIONAL BUYERS" (**QIBS**) AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT (**RULE 144A**) AND WHO ARE ALSO QUALIFIED PURCHASERS (**QPS**) WITHIN THE MEANING OF SECTION 2(A)(51)(A) OF THE UNITED STATES INVESTMENT COMPANY ACT OF 1940, AS AMENDED (THE **INVESTMENT COMPANY ACT**), IN EACH CASE ACTING FOR THEIR OWN ACCOUNT OR FOR THE ACCOUNT OF ONE OR MORE QIBS EACH OF WHICH IS ALSO A QP IN RELIANCE ON RULE 144A, OR (II) OUTSIDE THE UNITED STATES TO PERSONS OTHER THAN U.S. PERSONS IN RELIANCE ON REGULATION S. IN ADDITION, THE ISSUER HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE INVESTMENT COMPANY ACT. THE NOTES ARE NOT TRANSFERABLE EXCEPT UPON SATISFACTION OF CERTAIN CONDITIONS AS DESCRIBED UNDER "**Transfer restrictions and investor representations**" HEREIN.

THE FOLLOWING BASE PROSPECTUS MAY NOT BE FORWARDED OR DISTRIBUTED TO ANY OTHER PERSON AND MAY NOT BE REPRODUCED IN ANY MANNER WHATSOEVER. ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THIS DOCUMENT IN WHOLE OR IN PART IS UNAUTHORISED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS.

You are reminded that the base prospectus has been delivered to you on the basis that you are a person into whose possession this base prospectus may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located and you may not, nor are you authorised to, deliver the base prospectus to any other person.

The materials relating to the offering do not constitute, and may not be used in connection with, an offer or solicitation in any place where offers or solicitations are not permitted by law. If a jurisdiction requires that the offering be made by a licensed broker or dealer and the lead managers or any affiliate of the lead managers is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by the lead managers or such affiliate on behalf of the issuer in such jurisdiction.

By accessing the base prospectus, you shall be deemed to have confirmed and represented to us that (a) you have understood and agree to the terms set out herein, (b) you consent to delivery of the base prospectus by electronic transmission, (c) you are either (i) not a U.S. person (within the meaning of Regulation S under the Securities Act) or acting for the account or benefit of a U.S. person and the electronic mail address that you have given to us and to which this e-mail has been delivered is not located in the United States, its territories and possessions (including Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, Wake Island and the Northern Mariana Islands) or the District of Columbia or (ii) a qualified institutional buyer (**QIB**) within the meaning of Rule 144A under the Securities Act (**Rule 144A**) and a qualified purchaser (**QP**) within the meaning of Section 2(a)(51)(A) of the United States Investment Company Act of 1940, as amended (the **Investment Company Act**), and the rules and regulations thereunder, in each case acting for your own account or for the account of one or more QIBs each of which is also a QP in reliance on Rule 144A and (d) if you are a person in the United Kingdom, then you are a person who (i) is an investment professional within the meaning of Article 19 of the Financial Services and

Markets Act 2000 (Financial Promotion) Order 2005 (the **FPO**) or (ii) is a high net worth entity falling within Article 49(2)(a) to (d) of the FPO (all such persons together being referred to as relevant persons). This base prospectus must not be acted on or relied on by persons who are not relevant persons. Any investment or investment activity to which this base prospectus relates is available only to relevant persons and will be engaged in only with relevant persons.

UK MiFIR product governance / target market – The final terms in respect of any 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 notes and which channels for distribution of the notes are appropriate. Any person subsequently offering, selling or recommending the 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 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 notes under this base prospectus about whether, for the purpose of the UK MiFIR Product Governance Rules, any dealer subscribing for any notes is a manufacturer in respect of such 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 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 notes and which channels for distribution of the notes are appropriate. Any person subsequently offering, selling or recommending the 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 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 MiFID Product Governance rules under EU Delegated Directive 2017/593 (the **MiFID Product Governance Rules**), any dealer subscribing for any notes is a manufacturer in respect of such 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.

IMPORTANT – PROHIBITION OF SALES TO UK RETAIL INVESTORS – The final terms in respect of any notes will include a legend entitled "Prohibition of sales to UK retail investors". The notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the United Kingdom (**UK**). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of UK domestic law by virtue of the EUWA; or (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000 (the **FSMA**) and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, (the **Insurance Distribution Directive**), 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 notes or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the notes or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

IMPORTANT – PROHIBITION OF SALES TO EEA RETAIL INVESTORS – The final terms in respect of any notes will include a legend entitled "Prohibition of sales to EEA retail investors". The notes are not intended 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 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 notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the notes or otherwise making them available to any retail investor in the EEA may be unlawful under the EU PRIIPs Regulation.

This base prospectus has been sent to you in an electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of electronic transmission and consequently neither Silverstone Master Issuer PLC, Nationwide Building Society, Citigroup Global Markets Limited, BNP Paribas,

Lloyds Bank Corporate Markets plc, Barclays Bank PLC, BofA Securities, or Deutsche Bank AG, London Branch nor any other dealers nor any person who controls, nor any director, officer, employee nor agent of Silverstone Master Issuer PLC, Nationwide Building Society, Citigroup Global Markets Limited, BNP Paribas, Lloyds Bank Corporate Markets plc, Barclays Bank PLC, BofA Securities or Deutsche Bank AG, London Branch nor any other dealer nor any affiliate of any such person accepts any liability or responsibility whatsoever in respect of any difference between the base prospectus distributed to you in electronic format and the hard copy version available to you on request from Silverstone Master Issuer PLC, Nationwide Building Society, Citigroup Global Markets Limited, BNP Paribas, Lloyds Bank Corporate Markets plc, Barclays Bank PLC, BofA Securities or Deutsche Bank AG, London Branch.

BofA Securities is the marketing name for the global banking and global markets businesses of Bank of America Corporation, including Merrill Lynch International. Merrill Lynch International is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority.

SILVERSTONE MASTER ISSUER PLC
(incorporated in England and Wales with limited liability with registered number 06612744)

Legal entity identifier (LEI): 549300P6OXWKM20QS303

£35,000,000,000
Residential Mortgage Backed Note Programme
(ultimately backed by the mortgages trust)

Programme establishment	Silverstone Master Issuer PLC, (the **issuer**) established a £20,000,000,000 mortgage backed note programme (the **programme**) on 25 July 2008 (the **programme date**). The size of the programme was subsequently increased to £35,000,000,000 on 9 December 2008.
Issuance in series	Notes issued under the programme have been and will be issued in series (other than any class Z GIC collateral note and any class Z variable funding note, which may be issued together with other classes of notes of a series, but will not be linked to a particular series). Each series will normally: (a) be issued on a single date; (b) be subject to the terms and conditions; and (c) consist of one or more classes of notes. Notes of the same class rank *pari passu* and *pro rata* among themselves. Each series of the same class will not, however, be subject to identical terms in all respects (for example, interest rates, interest calculations, expected maturity and final maturity dates will differ). The issuer may from time to time issue class A notes, class B notes, class M notes, class C notes, class D notes and/or class Z notes in one or more series (together, the **notes**). Each series will consist of one or more classes of notes.
The notes	The notes have not been and will not be registered under the United States Securities Act of 1933, as amended (the **Securities Act**), or the securities laws or "blue sky" laws of any state or other jurisdiction of the United States and therefore may not be offered, sold, re-sold or delivered within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S under the Securities Act (**Regulation S**)) (**U.S. persons**) except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and any applicable state or local securities laws. The programme provides that the issuer may issue notes to be sold outside the United States to non-U.S. persons in reliance on Regulation S. Such notes are collectively referred to herein as **Reg S notes**. In addition to Reg S notes, the issuer may also issue notes that will be sold within the United States only to qualified institutional buyers (**QIBs**) within the meaning of Rule 144A under the Securities Act (**Rule 144A**) in reliance on Rule 144A who are also qualified purchasers (**QP**s) within the meaning of Section 2(a)(51)(A) of the United States Investment Company Act of 1940, as amended (the **Investment Company Act**), and the rules and regulations thereunder, in each case acting for their own account or for the account of one or more QIBs each of which is also a QP in reliance on Rule 144A. Such notes are collectively referred to herein as **Rule 144A notes**. Prospective purchasers are hereby notified that sellers of the notes may be relying on the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A. For a description of certain further restrictions on offers, sales and transfers of notes in this base prospectus, see "**Subscription and sale**" and "**Transfer restrictions and investor representations**".

Volcker Rule	The issuer is not, and solely after giving effect to any offering and sale of 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 Volcker Rule and its related regulations may be available, the issuer has relied on the exclusion from the definition of a "covered fund" under the Volcker Rule for entities involved in the securitisation of loans. To the extent that these implementing regulations are modified or superseded, the Issuer may no longer be able to rely on such exemption. Any prospective investor in notes issued by the 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.
United States Federal Income Tax	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 notes nor the underlying receivables will be insured or guaranteed by any United Kingdom or United States governmental agency.
Final terms	Each series of notes (other than exempt notes) will be subject to final terms, which, for the purpose of that series only, supplements the terms and conditions of the notes in this base prospectus and must be read in conjunction with this base prospectus. The final terms of a series of listed notes (including the classes and/or sub-classes of the notes of such series, the aggregate nominal amounts of such notes, interest (if any) payable in respect of the notes, the issue price of the notes and any other terms and conditions not described in this base prospectus) will be determined by the issuer in accordance with the prevailing market conditions at the time of the issue of the relevant notes and will be set out in a separate document (the **final terms**). The final terms for listed notes will be submitted to the Financial Conduct Authority (the FCA) for filing and made available to the public in accordance with Regulation (EU) 2017/1129 as it forms part of UK domestic law by virtue of the European Union (Withdrawal) Act 2018 as amended, varied, superceded or substituted from time to time (the EUWA) (the **UK Prospectus Regulation**) (the **prospectus rules**).
Rating agencies	S&P Global Ratings Europe Limited (**Standard & Poor's** or **S&P**), Moody's Investors Service Limited (**Moody's**) and Fitch Ratings Ltd. (**Fitch,** and together with S&P and Moody's, the **rating agencies**). Whether or not each credit rating applied for in relation to a relevant series of notes will be issued by a credit rating agency established in the UK and registered 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**) will be disclosed in the final terms (or, in the case of exempt notes, the pricing supplement).

	In general, EEA regulated investors are restricted from using a rating for regulatory purposes, unless such ratings are issued by a credit rating agency established in the EEA and registered under Regulation (EC) No 1060/2009 (as amended) (the **EU CRA Regulation**) (and such registration has not been withdrawn or suspended), subject to transitional provisions that apply in certain circumstances whilst the registration application is pending. 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 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). 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, non-UK 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, this is subject to (a) the relevant UK registration, certification or endorsement, as the case may be, not having been withdrawn or suspended, and (b) transitional provisions that apply in certain circumstances. 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. 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 the European Securities and Markets Authority (**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. S&P is established in Ireland, registered under the EU CRA Regulation and is 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.

Credit Ratings	Ratings may be assigned to all or some of the notes of a series on or before each closing date and such ratings will be set out in the applicable final terms (or, in the case of exempt notes, the applicable pricing supplement) for the relevant series. As a condition to the issue of the class A notes, the class B notes, the class M notes, the class C notes and the class D notes, as applicable, the class A notes, the class B notes, the class M notes, the class C notes and the class D notes (together, the **rated notes**) are expected, on issue, to be assigned certain minimum ratings upon issue by at least one of **S&P**, **Moody's** and **Fitch**, which are described in "**Overview of the notes—Issuance**". The ratings assigned to the rated notes comprising each series will be specified in the applicable final terms (or, in the case of exempt notes, the applicable pricing supplement). The issue of the class Z notes is not conditional upon a rating and the issuer has not requested any rating of the class Z notes. The ratings assigned by Fitch and S&P to each class or sub-class of rated notes address the likelihood of (a) full and timely payment of interest due to the noteholders on each interest payment date in accordance with the terms of the transaction documents and the conditions of the notes and (b) ultimate payment of principal by a date that is not later than the final maturity date. The ratings assigned by Moody's address the expected loss to a noteholder in proportion to the initial principal amount of the class or sub-class of rated notes held by the noteholder by the final maturity date. **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.** Any credit rating assigned to a given class of notes may be revised, suspended or withdrawn at any time. Certain nationally recognised statistical rating organisations (**NRSROs**), as defined in Section 3(a)(62) of the Exchange Act, that were not hired by the issuer may use information they receive pursuant to Rule 17g-5 under the Exchange Act (**Rule 17g-5**) to rate the notes. No assurance can be given as to what ratings a non-hired NRSRO would assign.
Underlying assets	The issuer's primary source of funds to make payments on the notes will be derived from, *inter alia*, its rights pursuant to the intercompany loan agreement entered into between the issuer and Funding 1 (although the issuer will have a shared security interest under the Funding 1 deed of charge in the Funding 1 share of the trust property), which are ultimately backed by residential mortgage loans comprising the portfolio from time to time originated and/or acquired by Nationwide Building Society (**Nationwide**) and secured over residential properties located in England, Wales, Scotland and Northern Ireland. Each loan in the portfolio (and any drawing under flexible loans and any further advances) will be secured by either first legal charges over freehold, leasehold or common hold properties located in England or Wales, first ranking legal charges or first ranking legal mortgages over freehold or leasehold properties located in Northern Ireland or first ranking standard securities over heritable or long leasehold properties located in Scotland except in relation to (i) flexible advances linked to loans entered into before 1 September 2002, in which case the mortgage securing the relevant

	advance constitutes a valid and subsisting second ranking charge by way of legal mortgage or (in Scotland) second ranking standard security over the relevant property or (in Northern Ireland) a valid and subsisting second charge (in relation to registered land) or a valid and subsisting second mortgage by way of demise or sub-demise (in relation to unregistered land) behind the existing first ranking mortgage securing the balance of the relevant loan and (ii) in relation to a right to buy loan, subject to any charge or security which may arise or be granted in favour of the relevant local authority (or in Northern Ireland, the Northern Ireland Housing Executive) which has not been postponed, and subject to, in certain appropriate cases, the completion of an application for registration at the Land Registry, the Registers of Scotland or the Registers of Northern Ireland. The loans included in the portfolio will consist of several different types with a variety of characteristics relating to, among other things, calculation of interest and repayment of principal and include or will include: • loans which are subject to variable rates of interest set by reference to a variable base rate of interest, which the servicer determines 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 base rate set by the seller or the servicer (currently this rate is the Bank of England base rate); and • loans which are subject to fixed rates of interest. See "**The loans—Characteristics of the loans**" for a more detailed description of the loans offered by the seller which may be included in the portfolio and the applicable final terms (or, in the case of exempt notes, the applicable pricing supplement) for statistical information on the portfolio as at, or prior to, the date of such applicable final terms (or, in the case of exempt notes, the applicable pricing supplement). All loans are originated by the seller in accordance with the seller's lending criteria for mortgage loans applicable at the time of origination or were originated by another member of the Nationwide group in accordance with such member's lending criteria for mortgage loans applicable at the time of origination. The seller may from time to time change its lending criteria, and any other terms applicable to loans or their related security assigned to the mortgages trust after the programme closing date so that all loans originated after the date of that change will be subject to the new lending criteria and such other amended terms. Notwithstanding any change to the lending criteria or other terms applicable to the loans, the loans and their related security may only be assigned to the mortgages trust if those loans and their related security comply with the seller's warranties in the mortgage sale agreement. If, at the time it is assigned to the mortgages trustee, a loan or its related security does not comply with these warranties, then the seller will have not more than 20 London business days following receipt of notice to such effect in which to cure the default, failing which it will be required to repurchase the loan or loans and their related security from the mortgages trustee. If the seller does not repurchase such loan and its related security within the time periods set out in the mortgage sale agreement then, pursuant to the terms of the mortgages trust deed, the size of the seller share of the trust property will be deemed to be reduced; there will be no corresponding reduction in the other beneficiaries' shares in the

	trust property. However, each of the beneficiaries' share percentage (including the seller and Funding 1) of the trust property will alter accordingly. See "**The mortgage sale agreement—Repurchase of loans**". The seller's current lending criteria are described further in "**The loans—Underwriting—Lending criteria**".
Replenishment	From time to time, Nationwide (in its capacity as seller) may, subject to satisfaction of the conditions to sale in "**The mortgage sale agreement—Conditions for sale of loans**", sell loans and their related security (which is the security for the repayment of a loan, including the relevant mortgage) to the mortgages trustee pursuant to the mortgage sale agreement to increase or maintain the size of the trust property. The loans will be residential mortgage loans originated by Nationwide in accordance with its lending criteria applicable at the time of origination or originated by another member of the Nationwide group in accordance with such member's lending criteria for mortgage loans applicable at the time of origination and secured over residential properties located in England, Wales, Scotland and Northern Ireland. These loans will be purchased by the mortgages trustee on transfer dates, subject to certain criteria being satisfied (see "**The mortgage sale agreement—Conditions for sale of loans**") and held on trust for certain beneficiaries (including Funding 1) (see "**The mortgage sale agreement—Sale of loans and their related security to the mortgages trustee**").
Credit enhancement	• The potential availability of excess portions of Funding 1 available revenue receipts (which consist of revenue receipts on the loans paid by the mortgages trustee to Funding 1 and other amounts set out in "**Cashflows—Definition of Funding 1 available revenue receipts**") and of **Funding 1 principal receipts** (which are principal receipts on the loans paid by the mortgages trustee to Funding 1 and other amounts set out in "**Cashflows—Distribution of Funding 1 available principal receipts—Definition of Funding 1 available principal receipts**"); • a reserve fund called the general reserve fund to be used in certain circumstances by Funding 1 to meet any deficit in Funding 1 available revenue receipts or to repay amounts of principal (see "**Credit Structure—General reserve fund**"); and • subordination of junior classes of notes (see "**Credit Structure—Priority of payments among the class A notes, the class B notes, the class M notes, the class C notes, the class D notes and the class Z notes**").
Liquidity support	• Use of principal to cover interest shortfall (see "**Credit Structure—Use of Funding 1 principal receipts to pay Funding 1 income deficiency**"); • establishment of a Funding 1 liquidity reserve fund; (if established following a seller rating downgrade) (see "**Credit Structure—Funding 1 liquidity reserve fund**"); and • the general reserve fund may provide liquidity in certain circumstances (see "**Credit Structure—General reserve fund**").
Redemption provisions	Information on any optional and mandatory redemption of the Notes is summarised in "**Overview of the notes—Payment and ranking of the**

	notes" and "**Overview of the notes—Mandatory or optional redemption of the notes**" and is set out in full in Condition 5 of the terms and conditions of the notes.
Listing	This document (including any documents incorporated by reference) comprises a base prospectus (the **base prospectus**) in respect of all notes other than any exempt notes issued under the programme, for the purpose of the UK Prospectus Regulation. This base prospectus supersedes any previous base prospectus describing the programme. Any notes issued under the programme on or after the date of this base prospectus are issued subject to the provisions described herein. This base prospectus has been approved as a base prospectus by 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. Such approval should not be considered as an endorsement of the issuer or Funding 1 or of the quality of the securities that are the subject of this base prospectus. Investors should make their own assessment as to the suitability of investing in the securities. An application will be made to the FCA for the notes specified as listed notes in the applicable final terms (the **listed notes**) and issued under the programme during the period of 12 months from the date of this base prospectus to be admitted to the Official List of the FCA (the **Official List**) and application will be made to the London Stock Exchange plc (the **London Stock Exchange**) for such notes to be admitted to trading on the London Stock Exchange's main market. 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**). This base prospectus (as supplemented as at the relevant time, if applicable) is valid for 12 months from its date in relation to 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. References in this base prospectus to **exempt notes** are to notes for which no prospectus is required to be published under the UK Prospectus Regulation. The programme provides that the issuer may issue unlisted notes and/or notes not admitted to trading on any market and/or notes which may be listed or admitted to trading, as the case may be, on such other or further stock exchange(s) or market(s) as may be agreed between the issuer, the note trustee and the relevant dealers (which will be set forth in a drawdown or supplemental prospectus). Any such notes will be exempt notes. The FCA has neither approved nor reviewed information contained in this base prospectus in connection with exempt notes and such exempt notes do not form part of this base prospectus. The class Z notes will not be listed.
Obligations	The notes will be obligations of the issuer only. The notes will not be obligations of, or the responsibility of, or guaranteed by, any person other

	than the issuer. In particular, the notes will not be obligations of, or the responsibility of, or guaranteed by, any of the dealers, the underwriters, the joint bookrunners, Nationwide, the arranger, the note trustee, the issuer security trustee, the Funding 1 security trustee, the seller, the servicer, the cash manager, the issuer cash manager, Funding 1, the mortgages trustee, Holdings, the issuer corporate services provider, the Funding 1 corporate services provider, the post-enforcement call option holder corporate services provider, the Holdings corporate services provider, the mortgages trustee corporate services provider, the Funding 1 swap provider, the issuer swap providers or their guarantors, as applicable, the paying agents, the registrar, the exchange rate agent, the transfer agent, the agent bank or any other party to the transaction documents. No liability whatsoever in respect of any failure by the issuer to pay any amount due under the notes shall be accepted by any of the dealers, the underwriters, the joint bookrunners, Nationwide, the arranger, the note trustee, the issuer security trustee, the Funding 1 security trustee, the seller, the servicer, the cash manager, the issuer cash manager, Funding 1, the mortgages trustee, Holdings, the issuer corporate services provider, the Funding 1 corporate services provider, the post-enforcement call option holder corporate services provider, the Holdings corporate services provider, the mortgages trustee corporate services provider, the Funding 1 swap provider, the issuer swap providers or their guarantors, as applicable, the paying agents, the registrar, the exchange rate agent, the transfer agent, the agent bank or any other party to the transaction documents (but without prejudice to the obligations of Funding 1 to the issuer under the intercompany loan agreement).
Definitions	Please refer to the section entitled "**Defined terms and conventions**" and the Glossary for a list of defined terms and their meanings.
UK Risk Retention	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 Nationwide and remain in effect. Please refer to the section entitled "**Certain Regulatory Requirements—UK Securitisation Regulation**". **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, including in respect of the UK 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, from time to time and as amended by The Securitisation (Amendment) (EU Exit) Regulation 2019 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).
EU Risk Retention	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 equivalence 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. Please refer to the section entitled "**Certain Regulatory Requirements**— **EU Securitisation Regulation**". **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.

Simple, Transparent and Standardised (STS) Securitisation	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 the UK Securitisation Regulation confirming that the requirements of Articles 19 to 22 of the UK Securitisation Regulation have been satisfied with respect to a series of notes (a **UK STS designation**). 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 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 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. In relation to such UK STS notification, the seller, as originator, has been designated as the first contact point for investors and the FCA. However, no assurance is given that the seller will seek a UK STS designation with respect to any series of 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 notes at the time of such issuance. Accordingly, the notes 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. As of the date of this base prospectus, the notes are not capable of qualifying as an STS securitisation within the meaning of the EU Securitisation Regulation, 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 confirming that the EU requirements of Articles 19 to 22 of the EU Securitisation Regulation (the **EU STS requirements**) have been satisfied with respect to the issuance of any series of notes (an **EU STS designation**). While an EU STS notification may be submitted at some point in respect of any notes, should the EU STS requirements be amended and any notes become capable of qualifying for an EU STS designation a result, the seller does not offer any assurance that an EU STS notification will be given in relation to any notes in such circumstances. For further information, please refer to the risk factor entitled "*Simple, Transparent and Standardised (STS) Securitisations*".
US Risk Retention	The seller (or a majority-owned affiliate of the seller) is required under the final rule implementing the risk retention requirements as set forth in Section 15G of the United States Exchange Act of 1934, as amended, (the **U.S. Credit Risk Retention Requirements**) to acquire and retain an economic interest in the credit risk of the interests created by the issuer on the closing date of each issuance of notes and, in the case of a revolving pool securitisation, on a monthly basis thereafter, and in the case of the class Z notes, at each issuance of such notes. The seller initially 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 notes issued by the issuer, with certain exceptions, calculated in accordance with U.S. Credit Risk Retention Requirements. Please refer to the section entitled "**Certain Regulatory Requirements—U.S. credit risk retention**".
Benchmark Regulation	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. 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 administrators of EURIBOR are included in the register of administrators established and maintained by ESMA under the EU Benchmarks Regulation but not the register of administrators established and maintained by the FCA under the UK Benchmarks Regulation. As far as the 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.

THE "*RISK FACTORS*" SECTION STARTING ON PAGE 10 CONTAINS DETAILS OF CERTAIN RISKS AND OTHER FACTORS THAT SHOULD BE GIVEN PARTICULAR CONSIDERATION BEFORE INVESTING IN THE NOTES. PROSPECTIVE INVESTORS SHOULD BE AWARE OF THE ISSUES SUMMARISED WITHIN THAT SECTION.

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

Arranger for the programme

Nationwide Building Society

Dealers for the programme

Citigroup Global Markets Limited	**BNP Paribas**	**Lloyds Bank Corporate Markets plc**	**BofA Securities**	**Barclays Bank PLC**	**Deutsche Bank AG**

Base prospectus dated 14 November 2023

IMPORTANT NOTICE

THE NOTES HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE SECURITIES ACT OR THE SECURITIES LAWS OR "BLUE SKY" LAWS OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES AND THEREFORE THE NOTES MAY NOT BE OFFERED, SOLD, RESOLD OR DELIVERED WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS (AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT) 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 PERSONS (OTHER THAN U.S. PERSONS) OUTSIDE THE UNITED STATES IN RELIANCE ON REGULATION S UNDER THE SECURITIES ACT AND (B) THE RULE 144A NOTES ARE BEING OFFERED AND SOLD IN THE UNITED STATES ONLY TO QIBS (THAT ARE ALSO QPS), ACTING FOR THEIR OWN ACCOUNT, OR FOR THE ACCOUNT OR BENEFIT OF ONE OR MORE QIBS EACH OF WHICH IS ALSO A QP, IN RELIANCE ON RULE 144A OR ANOTHER EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT. FOR A DESCRIPTION OF CERTAIN RESTRICTIONS ON RESALES OR TRANSFERS, SEE "**TRANSFER RESTRICTIONS AND INVESTOR REPRESENTATIONS**".

THE NOTES OFFERED HEREBY HAVE NOT BEEN APPROVED OR DISAPPROVED BY ANY UNITED STATES FEDERAL OR STATE SECURITIES COMMISSION OR ANY OTHER UNITED STATES REGULATORY AUTHORITY AND THE ISSUER HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE INVESTMENT COMPANY ACT. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT PASSED UPON OR ENDORSED THE MERITS OF THIS OFFERING OR THE ACCURACY OR ADEQUACY OF THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENCE IN THE UNITED STATES.

THE ERISA ELIGIBILITY OF THE RULE 144A NOTES WILL BE SET FORTH IN THE APPLICABLE FINAL TERMS (OR, IN THE CASE OF EXEMPT NOTES, THE APPLICABLE PRICING SUPPLEMENT). THE REG S NOTES AND ANY RULE 144A NOTES NOT SPECIFIED IN THE APPLICABLE FINAL TERMS (OR, IN THE CASE OF EXEMPT NOTES, THE APPLICABLE PRICING SUPPLEMENT) AS ERISA-ELIGIBLE ARE NOT DESIGNED FOR, AND MAY NOT BE PURCHASED OR HELD BY, ANY "EMPLOYEE BENEFIT PLAN" AS DEFINED IN SECTION 3(3) OF THE U.S. EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED (**ERISA**), WHICH IS SUBJECT TO ERISA, OR ANY "PLAN" AS DEFINED IN AND SUBJECT TO SECTION 4975 OF THE U.S. INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE **CODE**), OR BY ANY PERSON ANY OF THE ASSETS OF WHICH ARE, OR ARE TREATED FOR PURPOSES OF ERISA OR SECTION 4975 OF THE CODE AS, ASSETS OF SUCH AN "**EMPLOYEE BENEFIT PLAN**" OR "**PLAN**," OR BY A GOVERNMENTAL, CHURCH, NON-U.S. OR OTHER PLAN WHICH IS SUBJECT TO ANY U.S. OR NON-U.S., FEDERAL, STATE OR LOCAL LAW OR REGULATION THAT IS SUBSTANTIALLY SIMILAR TO THE PROVISIONS OF SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE AND/OR LAW OR REGULATION THAT PROVIDES THAT THE ASSETS OF THE ISSUER COULD BE TREATED AS THE ASSETS OF SUCH PLAN; AND EACH PURCHASER OF SUCH NOTE WILL BE DEEMED TO HAVE REPRESENTED, WARRANTED AND AGREED THAT IT IS NOT (AND IS NOT ACTING ON BEHALF OF), AND FOR SO LONG AS IT HOLDS SUCH NOTE WILL NOT BE (AND WILL NOT BE ACTING ON BEHALF OF), SUCH AN "**EMPLOYEE BENEFIT PLAN**", "**PLAN**," PERSON, OR GOVERNMENTAL, CHURCH, NON-U.S. OR OTHER PLAN. SEE "**ERISA CONSIDERATIONS**".

There is no undertaking to register the notes under U.S. state or federal securities laws. Until 40 days after the commencement of the offering, an offer or sale of the 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.

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.

AVAILABLE INFORMATION

The issuer has agreed that, for so long as any of the Rule 144A notes remain outstanding and are "restricted securities" within the meaning of Rule 144(a)(3) under the Securities Act, the issuer will furnish, upon request of a holder or of any beneficial owner of such a Rule 144A note or of any prospective purchaser designated by such holder or beneficial owner, the information required to be delivered under Rule 144A(d)(4) under the Securities Act if at the time of the request the issuer is not a reporting company under Section 13 or Section 15(d) of the United States Securities Exchange Act of 1934, as amended (the **Exchange Act**), or is not exempt from reporting pursuant to Rule 12g3-2(b) under the Exchange Act.

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 notes issued under the programme. It is not yet known whether an application will be made by the seller for the PCS Label in relation to 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 (through the approval of a supplementary 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 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, Scotland and Northern Ireland and none of the underlying assets under the programme are tranched 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 1, as applicable.

For any 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 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; and (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. 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 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 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 notes issued under this base prospectus) for the PCS Label may have with respect to the market value and/or liquidity of the notes issued under the programme.

THE NOTES WILL BE OBLIGATIONS OF THE ISSUER ONLY. THE NOTES WILL NOT BE OBLIGATIONS OF, OR THE RESPONSIBILITY OF, OR GUARANTEED BY, ANY PERSON OTHER THAN THE ISSUER. IN PARTICULAR, THE NOTES WILL NOT BE OBLIGATIONS OF, OR THE RESPONSIBILITY OF, OR GUARANTEED BY, ANY OF NATIONWIDE BUILDING SOCIETY, THE DEALERS, THE ARRANGER, THE UNDERWRITERS, THE BOOKRUNNERS, THE NOTE TRUSTEE, THE ISSUER SECURITY TRUSTEE, THE FUNDING 1 SECURITY TRUSTEE, THE SERVICER, THE CASH MANAGER, THE ISSUER CASH MANAGER, FUNDING 1, THE MORTGAGES TRUSTEE, HOLDINGS, THE ISSUER CORPORATE SERVICES PROVIDER, THE FUNDING 1 CORPORATE SERVICES PROVIDER, THE POST-ENFORCEMENT CALL OPTION HOLDER CORPORATE SERVICES PROVIDER, THE HOLDINGS CORPORATE SERVICES PROVIDER, THE MORTGAGES TRUSTEE CORPORATE SERVICES PROVIDER, THE FUNDING 1 SWAP PROVIDER, THE ISSUER SWAP PROVIDERS OR THEIR GUARANTORS, AS APPLICABLE, THE PAYING AGENTS, THE REGISTRAR, THE EXCHANGE RATE AGENT, THE TRANSFER AGENT, THE AGENT BANK OR ANY OTHER COMPANY IN THE SAME GROUP OF COMPANIES AS NATIONWIDE BUILDING SOCIETY OR ANY OTHER PARTY TO THE TRANSACTION DOCUMENTS. NO LIABILITY WHATSOEVER IN RESPECT OF ANY FAILURE BY THE ISSUER TO PAY ANY AMOUNT DUE UNDER THE NOTES SHALL BE ACCEPTED BY ANY OF NATIONWIDE BUILDING SOCIETY, THE DEALERS, THE ARRANGER, THE UNDERWRITERS, THE BOOKRUNNERS, THE NOTE TRUSTEE, THE ISSUER SECURITY TRUSTEE, THE FUNDING 1 SECURITY TRUSTEE, THE SERVICER, THE CASH MANAGER, THE ISSUER CASH MANAGER, FUNDING 1, THE MORTGAGES TRUSTEE, HOLDINGS, THE ISSUER CORPORATE SERVICES PROVIDER, THE FUNDING 1 CORPORATE SERVICES PROVIDER, THE POST-ENFORCEMENT CALL OPTION HOLDER CORPORATE SERVICES PROVIDER, THE HOLDINGS CORPORATE SERVICES PROVIDER, THE MORTGAGES TRUSTEE CORPORATE SERVICES PROVIDER, THE FUNDING 1 SWAP PROVIDER, THE ISSUER SWAP PROVIDERS OR THEIR GUARANTORS, AS APPLICABLE, THE PAYING AGENTS, THE REGISTRAR, THE EXCHANGE RATE AGENT, THE TRANSFER AGENT, THE AGENT BANK OR ANY OTHER COMPANY IN THE SAME GROUP OF COMPANIES AS NATIONWIDE BUILDING SOCIETY OR ANY OTHER PARTY TO THE TRANSACTION DOCUMENTS (BUT WITHOUT PREJUDICE TO THE OBLIGATIONS OF FUNDING 1 TO THE ISSUER UNDER THE INTERCOMPANY LOAN AGREEMENT).

The issuer accepts responsibility for the information contained in this base prospectus. To the best of the knowledge of the 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.

The seller accepts responsibility for the section entitled "**Certain Regulatory Requirements**" on page 76 and declares that, having taken all reasonable care to ensure such is the case, the information in such section, to the best of its knowledge, is in accordance with the facts and contains no omission likely to affect its import.

None of the dealers or the underwriters makes any representation, warranty or undertaking, express or implied, or accepts any responsibility, with respect to the accuracy or completeness of any of the information in this base prospectus, each final terms (or, in the case of exempt notes, each pricing supplement) or part hereof or thereof or any other information provided by the issuer in connection with the notes. To the fullest extent permitted by law, none of the dealers or the underwriters accepts any liability in relation to the information contained in this base prospectus and each final terms (or, in the case of exempt notes, each pricing supplement) or any other information provided by the issuer in connection with the notes. Each potential purchaser of notes should determine the relevance of the information contained in this base prospectus and the applicable final terms (or, in the case of exempt notes, the applicable pricing supplement) or part hereof or thereof and the purchase of notes should be based upon such investigation as each purchaser deems necessary. None of the dealers or the underwriters undertakes or shall undertake to review the financial condition or affairs of the issuer or advise any investor or potential investor in the notes of any information coming to the attention of the dealers or the underwriters.

A copy of this base prospectus and each of the final terms relating to listed notes will be available for inspection at the registered office of the issuer and at the specified office of the paying agents in accordance with the prospectus rules. A copy of the pricing supplement relating to exempt notes (if any) will be made available at the specified office of each paying agent.

If at any time the issuer shall be required to prepare a supplemental prospectus pursuant the UK Prospectus Regulation, the issuer will prepare and make available an appropriate amendment or supplement to this base prospectus which, in respect of any subsequent issue of a series of notes to be listed on the Official List of the FCA and admitted to trading on the main market of the London Stock Exchange, shall constitute a supplemental prospectus as required by the FCA under the prospectus rules.

No person is or has been authorised in connection with the issue and sale of the 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 issuer, the directors of the issuer, Funding 1, the mortgages trustee, Holdings, the dealers, the underwriters, the joint bookrunners, Nationwide, the arranger, the note trustee, the issuer security trustee, the Funding 1 security trustee, the seller, the servicer, the cash manager, the issuer cash manager, the issuer corporate services provider, the Funding 1 corporate services provider, the post-enforcement call option holder corporate services provider, the Holdings corporate services provider, the mortgages trustee corporate services provider, the Funding 1 swap provider, the issuer swap providers or their guarantors, as applicable, the paying agents, the registrar, the exchange rate agent, the transfer agent, the agent bank or any other party to the transaction documents.

Neither the delivery of this base prospectus nor any sale or allotment made in connection with the offering of any of the notes shall under any circumstances constitute a representation or create any implication that there has been no change in the affairs of the issuer, Funding 1, the mortgages trustee, Holdings, the dealers, the underwriters, the joint bookrunners, Nationwide, the arranger, the note trustee, the issuer security trustee, the Funding 1 security trustee, the seller, the servicer, the cash manager, the issuer cash manager, the issuer corporate services provider, the Funding 1 corporate services provider, the post-enforcement call option holder corporate services provider, the Holdings corporate services provider, the mortgages trustee corporate services provider, the Funding 1 swap

provider, the issuer swap providers or their guarantors, as applicable, the paying agents, the registrar, the exchange rate agent, the transfer agent, the agent bank 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 any 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 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 issuer and the dealers (if any) to inform themselves about, and to observe, any such restrictions. For a further description of certain restrictions on offers and sales of notes and distribution of this base prospectus, see "**Subscription and sale**". Neither this base prospectus, nor any part hereof, constitutes an offer of, or an invitation by, or on behalf of, the issuer or the dealers (if any) to subscribe for or purchase any of the 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 notes may not be offered or sold, directly or indirectly, and neither this base prospectus, nor any part hereof, nor any other offering document, prospectus, form of application, advertisement, other offering material or other information may be issued, distributed or published in any country or jurisdiction (including the United Kingdom), except in circumstances that will result in compliance with all applicable laws, orders, rules and regulations.

UK MiFIR product governance / target market – The final terms in respect of any 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 notes and which channels for distribution of the notes are appropriate. Any person subsequently offering, selling or recommending the 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 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 notes under this base prospectus about whether, for the purpose of the UK MiFIR Product Governance Rules, any dealer subscribing for any notes is a manufacturer in respect of such 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 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 notes and which channels for distribution of the notes are appropriate. Any person subsequently offering, selling or recommending the 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 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 notes is a manufacturer in respect of such 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.

IMPORTANT – PROHIBITION OF SALES TO UK RETAIL INVESTORS – The final terms in respect of any notes will include a legend entitled "Prohibition of sales to UK retail investors". The notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the United Kingdom (**UK**). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of UK domestic law by virtue of the EUWA; or (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000 (the **FSMA**) and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97 (the **Insurance Distribution Directive**), 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 notes or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the notes or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

IMPORTANT – PROHIBITON OF SALES TO EEA RETAIL INVESTORS – The final terms in respect of any notes will include a legend entitled "Prohibition of sales to EEA retail investors". The notes are not intended 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 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 notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the notes or otherwise making them available to any retail investor in the EEA may be unlawful under the EU PRIIPs Regulation.

U.S. INFORMATION

This base prospectus is being distributed in the United States to a limited number of QIBs that are also QPs for informational use solely in connection with the consideration of the purchase of certain notes issued under the programme. 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.

Registered notes may be offered, sold or delivered within the United States only to QIBs that are also QPs in transactions exempt from registration under the Securities Act in reliance on Rule 144A under the Securities Act or any other applicable exemption. Each U.S. purchaser of registered notes is hereby notified that the offer and sale of any registered notes to it may be being made in reliance upon the exemption from the registration requirements of Section 5 of the Securities Act provided by Rule 144A.

Each purchaser or holder of notes represented by a Rule 144A global note or any notes issued in registered form in exchange or substitution therefor will be deemed, by its acceptance or purchase of any such notes, to have made certain representations and agreements intended to restrict the resale or other transfer of such notes, as set out in "**Transfer restrictions and investor representations**". Unless otherwise stated, terms used in this paragraph have the meanings given to them in "**Form of the Notes**".

SERVICE OF PROCESS AND ENFORCEMENT OF CIVIL LIABILITIES

The issuer is a corporation organised under the laws of England. All of the officers and directors named herein reside outside the United States and all or a substantial portion of the assets of the issuer and of

such officers and directors are located outside the United States. As a result, it may not be possible for investors to effect service of process outside England upon the issuer or such persons, or to enforce judgments against them obtained in courts outside England predicated upon civil liabilities of the issuer or such directors and officers under laws other than English law, including any judgment predicated upon United States federal securities laws. The issuer has been advised by Allen & Overy LLP, its counsel, that there is doubt as to the enforceability in England in original actions or in actions for enforcement of judgments of United States courts of civil liabilities predicated solely upon the federal securities laws of the United States. In addition, the issuer has agreed to submit to the non-exclusive jurisdiction of the court 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 issuer.

STABILISATION

In connection with the issue of any series and class (or sub-class) of notes, the dealer(s) named as stabilising dealer(s) (or persons acting on behalf of any stabilising dealer) in the applicable final terms (or, in the case of exempt notes, each pricing supplement) may over-allot such notes or effect transactions with a view to supporting the market price of that series and class (or sub-class) of notes at a level higher than that which might otherwise prevail. However, stabilisation 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 and class (or sub-class) of 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 date of issue of the relevant series and class (or sub-class) of notes and 60 days after the date of the allotment of the relevant series and class (or sub-class) of notes. Any stabilisation action or over-allotment must be conducted by the relevant stabilising dealer(s) or persons acting on behalf of any stabilising dealer(s) in accordance with all applicable laws and rules.

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

Currently, there is no public market for the notes.

Forward-looking statements

This base prospectus contains statements which constitute forward-looking statements within the meaning of the United States Private Securities Litigation Reform Act of 1995. Such statements appear in a number of places in this base prospectus, including, but not limited to, statements made under the captions "**Risk Factors**", "**The loans**", "**Nationwide Building Society**" and "**Servicing Agreement**". These forward-looking statements can be identified by the use of forward-looking terminology, such as the words "believes", "expects", "may", "will", "continues", "intends", "plans", "should", "could" or "anticipates", or similar terms. These statements involve known and unknown risks, uncertainties and other important factors that could cause the actual results and performance of the notes, Nationwide 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 United Kingdom; currency exchange and interest rate fluctuations; government, statutory, regulatory or administrative initiatives affecting Nationwide; changes in business strategy, lending practices or customer relationships; and other factors that may be referred to in this base prospectus. Moreover, past financial performance should not be considered a reliable indicator of future performance and prospective purchasers of the notes are cautioned that any such statements are not guarantees of performance and involve risks and uncertainties, many of which are beyond the control of the issuer. Some of the most significant of these risks, uncertainties and other factors are discussed under the caption "**Risk Factors**", and you are encouraged to consider those factors carefully prior to making an investment decision. The arranger has not attempted to verify any such statements, nor does it make any representations, express or implied, with respect thereto. Without prejudice to any requirements under applicable laws and regulations, the issuer expressly disclaims any obligation or undertaking to disseminate after the date

of this base prospectus any updates or revisions to any forward looking statements contained herein to reflect any change in expectations thereof or any change in events, conditions or circumstances on which any such forward looking statement is based.

Defined terms and conventions

Key defined terms used in this base prospectus are set out in the Glossary. Where terms first appear in the text, such terms are also defined there or refer you to a definition elsewhere.

References in this base prospectus to **issuer**, **we** or **us** mean Silverstone Master Issuer PLC and references to **you** mean potential investors in the notes.

References in this base prospectus to **Funding 1** mean Silverstone Funding (No. 1) Limited.

References in this base prospectus to a **pricing supplement** are to the pricing supplements for exempt notes, if any (including notes not offered under this base prospectus). Pricing supplements will be based on the form of pricing supplement set forth in this base prospectus.

References in this base prospectus to **Nationwide** mean Nationwide Building Society.

References in this base prospectus to the **FCA** mean the Financial Conduct Authority.

References in this base prospectus to the **PRA** mean the Prudential Regulation Authority.

References in this base prospectus to **£**, **pounds** or **sterling** are to the lawful currency for the time being of the United Kingdom of Great Britain and Northern Ireland.

References in this base prospectus to **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 single currency introduced at the start of the third stage of European Economic and Monetary Union pursuant to the Treaty on the Functioning of the European Union, as amended from time to time.

References in this base prospectus to an alternative currency shall be construed as references to a currency other than sterling, euro or U.S. dollars which is the currency of denomination of a note.

References to a **class** of notes are to the class A notes or the class B notes or the class M notes or the class C notes or the class D notes of any series or the class Z notes of any series and the class Z GIC collateral notes or, if applicable, any sub-class of such class of notes.

Important notice about information provided in this base prospectus and the applicable final terms or, in the case of exempt notes, the applicable pricing supplement

Information about each series of 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 (b) the final terms for a particular series (or, in the case of exempt notes, the pricing supplement), which describes the specific terms of the notes of that series, including:

- the timing of interest and principal payments
- financial and other information about the assets of the issuer, Funding 1 and the mortgages trustee
- information about enhancement for your series or class (or sub-class) of notes

- the ratings for your class of rated notes

- other terms and conditions not contained herein that are applicable to such series and class (or sub class).

This base prospectus may be used to offer and sell any series and class (or sub-class) of notes only if accompanied by the final terms (or, in the case of exempt notes, the pricing supplement) for that series and class (or sub-class).

Although the applicable final terms (or, in the case of exempt notes, the applicable pricing supplement) for a particular series of notes cannot contradict the information contained in this base prospectus, insofar as such final terms (or, in the case of exempt notes, such pricing supplement) contain specific information about the series that differs from the more general information contained in this base prospectus, you should rely on the information in such final terms (or, in the case of exempt notes, such pricing supplement).

In relation to a series of notes, you should rely only on the information contained in this base prospectus and the applicable final terms (or, in the case of exempt notes, the applicable pricing supplement) for such notes. We have not authorised anyone to provide you with information in relation to such notes that is different from that contained in this base prospectus and such applicable final terms (or, in the case of exempt notes, the applicable pricing supplement). The information in this base prospectus or the applicable final terms (or, in the case of exempt notes, the applicable pricing supplement) is only accurate as of the dates on their respective covers.

We include cross-references in this base prospectus and each final terms (or, in the case of exempt notes, each pricing supplement) to captions in these materials where you can find further related discussions. The following table of contents and the table of contents included in each final terms (or, in the case of exempt notes, each pricing supplement) provide the pages on which these captions are located.

References in this base prospectus to the **applicable final terms** are, in relation to a series and class (or sub-class) of notes, to the final terms (or the relevant provisions thereof) attached to, or endorsed on such notes. References in this base prospectus to the **applicable pricing supplement** are, in relation to a series and class (or sub-class) of exempt notes, to the pricing supplement (or the relevant provisions thereof) attached to, or endorsed on such exempt note.

Incorporation by reference

The financial statements of Funding 1 for the periods ended 4 April 2022 and 4 April 2023, which have been prepared in accordance with UK Financial Reporting Standard 101 *Reduced Disclosure Framework* (**FRS 101**), together with the audit reports thereon are incorporated by reference into this base prospectus. Copies of the financial statements for the periods ended 4 April 2022 and 4 April 2023 may be obtained at Funding 1's registered office at Third Floor, 1 King's Arms Yard, London, EC2R 7AF and may be viewed online at http://www.nationwide.co.uk/investorrelations. Ernst & Young LLP, members of the Institute of Chartered Accountants in England and Wales, have issued unqualified audit opinions on the financial statements of Funding 1 for the periods ended 4 April 2022 and 4 April 2023. Ernst & Young LLP has no material interest in Funding 1.

The financial statements of the issuer for the periods ended 4 April 2022 and 4 April 2023, which have been prepared in accordance with FRS 101, together with the audit reports thereon are incorporated by reference into this base prospectus. Copies of the financial statements for the periods ended 4 April 2022 and 4 April 2023 may be obtained at the issuer's registered office at Third Floor, 1 King's Arms Yard, London, EC2R 7AF and may be viewed online at http://www.nationwide.co.uk/investorrelations. Ernst & Young LLP, members of the Institute of Chartered Accountants in England and Wales, have issued unqualified audit opinions on the financial statements of the issuer for the periods ended 4 April 2022 and 4 April 2023. Ernst & Young LLP has no material interest in the issuer.

The terms and conditions of the notes contained in previous base prospectuses dated 16 July 2008, pages 276 to 320 (inclusive), 27 October 2009, pages 287 to 332 (inclusive), 22 October 2010, pages 294 to 286 (inclusive), 17 October 2011, pages 370 to 418 (inclusive), 9 March 2012, pages 344 to 392 (inclusive), 11 December 2014, pages 363 to 417 (inclusive), 10 February 2016, pages 368 to 421 (inclusive), 6 February 2018, pages 369 to 426 (inclusive), 9 April 2019, pages 421 to 481 (inclusive) and 14 January 2022, pages 377 to 455 (inclusive) prepared by the issuer in connection with the programme are incorporated by reference into this base prospectus and all non-incorporated parts of such base prospectuses are not relevant to investors. Copies of such previous base prospectuses may be obtained at the issuer's registered office at Third Floor, 1 King's Arms Yard, London, EC2R 7AF and may be viewed online at http://www.nationwide.co.uk/investorrelations.

TABLE OF CONTENTS

Clause **Page**

Overview 1
Diagrammatic overview of the transaction 1
Diagrammatic overview of on-going cashflows 2
Diagrammatic overview of ownership structure of special purpose vehicles 3
Transaction parties 4
Risk Factors 10
See further "The mortgage sale agreement—Product switches and further advances" as to the circumstances in which a loan in the portfolio will be subject to a product switch or further advance. 23
Certain Regulatory Requirements 76
UK Securitisation Regulation 76
Investors to assess compliance 77
Information regarding the policies and procedures of the seller 77
U.S. credit risk retention 78
Rule 15Ga-2 under the Exchange Act 79
Overview of Portfolio and Servicing 80
Overview of the Terms and Conditions of the Notes 87
Enforcement 91
Non petition 91
Overview of Rights of Noteholders 93
Overview of Credit Structure and Cashflow 99
Triggers Tables 131
Rating Triggers Table 131
Non-Rating Triggers Table 145
Fees 148
The issuance of notes 165
General 165
Listing 165
Issuance 165
The mortgage sale agreement 171
Sale of loans and their related security to the mortgages trustee 172
Payment of purchase price 172
Conditions for sale of loans 172
Representations and warranties 175
Loans 176
Mortgages 179
The properties 179
Valuers' and Solicitors' Reports 180
The Seller's Title 181
Interest Rates payable under the loans 182
Repurchase of loans 182
Product switches and further advances 185
Conditions for product switches and further advances 186
Transfer of legal title to the mortgages trustee 188
Reasonable, prudent mortgage lender 191
Governing law 191
The intercompany loan agreement 192
The facility 192
Ratings designations of the term advances 193
Issuance of term advances 193

Representations and agreements 193
Payments of interest and fees 194
Repayment of principal on the term advances 194
Limited recourse 196
Funding 1 intercompany loan events of default 196
New intercompany loan agreements 197
Funding 1's bank accounts 197
Governing law 198
The Mortgages Trust 199
General legal structure 199
The trust property 199
Fluctuation of shares in the trust property 200
Contributions to the mortgages trust 201
Dates for recalculation of the share of each beneficiary 202
Funding 1 share of trust property – trust calculation date recalculation 203
Further funding company's trust property 205
Funding 1 share of trust property – interim trust calculation period recalculations 205
Each further funding company 206
Adjustment of shares 206
Adjustments to trust property 207
The weighted average share percentages 208
The weighted average Funding 1 share percentage 208
The weighted average share percentage of each further funding company and the weighted average Funding 1 share percentage 209
Seller share of trust property – trust calculation period calculation 209
Seller share of trust property – interim trust calculation period recalculation 210
Beneficiary shares not to be reduced below zero 210
The weighted average seller share percentage 210
Cash management of trust property – revenue receipts 212
Mortgages trust calculation of revenue receipts 213
Cash management of trust property – principal receipts 215
Definitions 215
Mortgages trust calculation of principal receipts 221
Mortgages trust allocation and distribution of principal receipts prior to the occurrence of a trigger event 221
Mortgages trust allocation and distribution of principal receipts on or after the occurrence of a non-asset trigger event but prior to the occurrence of an asset trigger event 223
Mortgages trust allocation and distribution of principal receipts on or after the occurrence of an asset trigger event 224
Losses 224
Disposal of trust property 225
Additions to and reductions in the trust property 225
Increasing the shares of the funding companies by way of further contributions and additional initial contributions 225
Special distributions 227
Refinancing distributions 227
Termination of the mortgages trust 229
The mortgages trustee's bank accounts 229
Governing law 229
General 230
Powers 230
Undertakings by the servicer 230
Compensation of the servicer 234
Resignation of the servicer 234
Termination of appointment of the servicer 234

Right of delegation by the servicer 235
Liability of the servicer 235
Governing law 235
The cash management agreements 236
Cash management agreement 236
Cash management services provided in relation to the mortgages trust 236
Cash management services provided to Funding 1 and, following enforcement of the Funding 1 security, the Funding 1 security trustee 237
Term NR GIC collateral advances and other collateral posting 239
Compensation of cash manager 240
Resignation of cash manager 240
Termination of appointment of cash manager 241
Back-up cash manager 242
Governing law 242
Issuer Cash Management Agreement 242
Cash management services to be provided to the issuer and, following enforcement of the issuer security, the issuer security trustee 242
Compensation of issuer cash manager 243
Resignation of issuer cash manager 243
Termination of appointment of issuer cash manager 243
Governing law 244
The bank account agreements 245
Funding 1 bank account agreement 245
Mortgages trustee bank account agreement 247
Issuer bank account agreement 248
Governing law 249
The start-up loan agreement 250
General 250
Interest on the start-up loan 250
Repayment of the start-up loan 250
Event of default 250
Acceleration 251
Second start-up loan agreement 251
Governing law 251
Security for Funding 1's obligations 252
Security for Funding 1's obligations 252
Covenants of Funding 1 252
Funding 1 security 252
Nature of security – fixed charge 253
Nature of security – floating charge 253
Funding 1 pre-enforcement priority of payments 254
Enforcement 254
Funding 1 post-enforcement priority of payments 255
New issuers 255
Appointment, powers, responsibilities and liabilities of the Funding 1 security trustee 255
Funding 1 security trustee's fees and expenses 257
Retirement and removal 257
Additional provisions of the Funding 1 deed of charge 258
Governing law 259
Security for the issuer's obligations 260
The issuer deed of charge 260
Covenants of the issuer 260
Issuer security 260
Nature of security – fixed charge 261
Nature of security – floating charge 261

Enforcement....262
Issuer post-enforcement priority of payments....264
Appointment, powers, responsibilities and liabilities of the issuer security trustee....264
Issuer security trustee's fees and expenses....266
Retirement and removal....266
Additional provisions of the issuer deed of charge....267
Governing law....268
The swap agreements....269
General....269
The Funding 1 swaps....270
The issuer swaps....272
Ratings downgrade of swap providers....274
Termination of the swaps....275
Transfer of the swaps....277
Taxation....277
Governing law....277
Other Agreements....278
The post-enforcement call option agreement....278
The corporate services agreements....278
The remarketing agreement....278
The maturity purchase deed....279
Credit Structure....281
Level of arrears experienced....282
Use of Funding 1 principal receipts to pay Funding 1 income deficiency....282
General reserve fund....284
Principal deficiency ledger....286
Issuer available funds....287
Priority of payments among the class A notes, the class B notes, the class M notes, the class C notes, the class D notes and the class Z notes....288
Mortgages trustee GIC account/Funding 1 GIC account....288
Funding 1 liquidity reserve fund....289
Start-up loan agreements....291
Cashflows....292
Definition of Funding 1 available revenue receipts....292
Calculation of sufficiency of Funding 1 available revenue receipts....293
Distribution of Funding 1 available revenue receipts before intercompany loan acceleration....295
Definition of issuer revenue receipts....303
Distribution of issuer revenue receipts before note acceleration....304
Distribution of issuer revenue receipts after note acceleration but before intercompany loan acceleration....307
Distribution of Funding 1 available principal receipts....308
Payment of principal receipts to Funding 1 by the mortgages trustee....308
Definition of Funding 1 available principal receipts....308
Due and payable dates of term advances....309
Repayment of term advances before a trigger event and before intercompany loan acceleration or acceleration of all notes....309
Rule (1) – Repayment deferrals....314
Rule (2) – Repayment of payable pass-through term advances after a due and payable date for pass-through term advances....320
Repayment of term advances after a non-asset trigger event but before intercompany loan acceleration or acceleration of all notes....321
Repayment of term advances after an asset trigger event but before intercompany loan acceleration notice or acceleration of all notes....323

Repayment of term advances after acceleration of all notes but before intercompany loan acceleration 325
Repayment of term advances when Funding 1 receives an amount outstanding under the proceeds of a further term advance or a refinancing distribution 327
Definition of issuer principal receipts 328
Distribution of issuer principal receipts before note acceleration 328
Distribution of issuer principal receipts after note acceleration but before intercompany loan acceleration 330
Distribution of Funding 1 principal receipts and Funding 1 revenue receipts following intercompany loan acceleration 332
Distribution of issuer principal receipts and issuer revenue receipts following note acceleration and intercompany loan acceleration 335
Use of proceeds 340
The issuer 341
Silverstone Master Issuer PLC 341
Directors and secretary 342
Capitalisation statement 343
Nationwide Building Society 344
History 344
Business and activities of Nationwide 344
Silverstone Funding (No. 1) Limited 345
Directors and secretary 345
The mortgages trustee Silverstone Finance Trustee Limited 347
General 347
Silverstone Finance Trustee Limited 347
Silverstone Securitisation Holdings Limited 349
Silverstone PECOH Limited 350
The note trustee, issuer security trustee and Funding 1 security trustee 351
Maturity and prepayment considerations 352
The loans 353
The portfolio 353
Introduction 353
Characteristics of the loans 354
Repayment terms 354
Interest payments and interest rate setting 355
Early repayment charges 356
Overpayments and underpayments (or Flexible Payments or Payment Holidays) 357
Flexible Loans and Flexible Advances 358
Further advances 358
Product switches 358
Origination channels 360
Right-to-buy loans 360
Underwriting 362
Lending criteria 363
Changes to the underwriting policies and the lending criteria 366
Insurance policies 366
Insurance of the property 366
Borrower-arranged buildings insurance 367
Mortgage protection plans 367
Properties in possession cover 367
Title insurance 367
Arrears policy 368
Governing law 369
Characteristics of the United Kingdom residential mortgage market 370
Housing Price to earnings ratio 370

House price index 371
Form of the Notes 374
Global notes 374
Definitive notes 375
Transfer of interests 375
Exempt Notes 376
Book entry clearance procedures 377
Euroclear, Clearstream, Luxembourg and DTC 377
Euroclear and Clearstream, Luxembourg 377
DTC 378
Book-entry ownership 378
Euroclear and Clearstream, Luxembourg 378
DTC 378
Payments and relationship of participants with clearing systems 378
Settlement and transfer of notes 379
Trading between Euroclear and/or Clearstream, Luxembourg participants 380
Trading between DTC participants 380
Trading between DTC seller and Euroclear/Clearstream, Luxembourg purchaser 380
Trading between Euroclear/Clearstream, Luxembourg seller and DTC purchaser 380
Pre-issue trades settlement 381
Terms and conditions of the notes 382
Form, Denomination, Register, Title and Transfers 383
Form and denomination 383
Register 384
Title 384
Transfers 385
Status, Priority and Security 387
Status 387
Conflict between the classes of notes 387
Security 389
Covenants 389
Negative pledge 389
Disposal of assets 390
Equitable interest 390
Bank accounts 390
Restrictions on activities 390
Borrowings 390
Merger 390
Waiver or consent 390
Employees or premises 390
Dividends and distributions 390
Purchase notes 390
United States activities 391
Interest 391
Interest on fixed rate notes 391
Interest on floating rate notes 392
Accrual of interest 416
Deferred interest 416
Redemption and Cancellation 418
Final redemption 418
Mandatory redemption of the notes in part 418
Note principal payments and principal amount outstanding 419
Optional redemption 420
Optional redemption for tax and other reasons 421
Redemption amounts 422

Cancellation 423
Mandatory transfer of maturity purchase notes 423
Payments 426
Payment of interest and principal 426
Laws and regulations 426
Payment of interest following a failure to pay principal 427
Change of agents 427
No payment on non-business day 427
Partial payment 427
Record date 427
Payment of interest 427
Prescription 428
Taxation 428
Events of Default 429
Class A noteholders 429
Class B noteholders 431
Class M noteholders 431
Class C noteholders 432
Class D noteholders 432
Class Z noteholders 433
Following service of a note acceleration notice 433
Enforcement of Notes 433
Enforcement 433
Limited recourse 434
Meetings of Noteholders, Modifications and Waiver 435
Meetings of noteholders 435
Programme resolution 438
Limitations on noteholders 438
Approval of modifications and waivers by noteholders 439
Modifications and determinations by note trustee 440
Redenomination 441
Exercise of note trustee's functions 442
Additional right of modification 442
Indemnification of The Note Trustee and The Issuer Security Trustee 448
Replacement of Notes 449
Notice to Noteholders 449
Publication of notice 449
Date of publication 449
Global notes 449
Note trustee's discretion to select alternative method 450
New Series 450
Governing Law and Jurisdiction 450
Contracts (Rights of Third Parties) Act 1999 450
Definitions 450
Form of Final Terms 461
Contractual Terms 463
Listing and Admission to Trading 474
Interests of Natural and Legal Persons Involved in the Issue 474
Start-up term advance 474
Other series issued 474
Other term advances 474
Mortgages Trust and the Portfolio 475
Funding 1 Provisions 476
Funding 1 Cash Accumulation Period 476

Repayment of term advances before a trigger event and before intercompany loan acceleration or acceleration of all notes - Rule (1) – Repayment deferrals 476
Provisions relating to the Funding 1 Swap Agreement 476
Replenishment of General Reserve Fund 477
Use of proceeds 477
Maturity and prepayment considerations 477
Statistical information on the portfolio 479
Outstanding balances as at the cut-off date 479
LTV ratios at origination 480
Cut-off date Indexed LTV ratios 480
Geographical distribution 481
Seasoning of loans 481
Years to maturity of loans 482
Purpose of loan 482
Repayment terms 482
Product groups 482
Payment methods 483
Property Types 483
Distribution of fixed rate loans 483
Payment rate analysis 484
Write offs and recoveries of Nationwide 484
Delinquency and loss experience of the Nationwide mortgage portfolio 485
Verification of data 489
House price index 490
Static Pool Data 491
Form of Pricing Supplement 493
Material legal aspects of the loans 495
English loans 495
General 495
Nature of property as security 495
Registered title 495
Unregistered title 495
Taking security over land 496
The seller as mortgagee 496
Enforcement of mortgages 496
Scottish loans 497
General 497
Nature of property as security 497
Land Register 497
Sasine Register 498
Taking security over land 498
The seller as heritable creditor 498
Enforcement of mortgages 498
Borrower’s right of redemption 499
Northern Irish loans 499
General 499
Nature of property as security 499
Registered title 499
Unregistered title 500
Taking security over land 500
The seller as mortgagee 500
Enforcement of mortgages 501
Material information relating to the regulation of mortgages in the UK 502
United Kingdom taxation 515
United States federal taxation 516

General....516
Tax status of the issuer, Funding 1, mortgages trustee and mortgages trust....517
Characterisation of the Rule 144A notes....517
Taxation of United States holders of the Rule 144A notes....517
Qualified Stated Interest and Original Issue Discount....517
Sales and retirement....520
Alternative characterisation of the Rule 144A notes....520
Base Rate Modifications....521
Taxation of Non-United States holders of the Rule 144A notes....521
Backup withholding and information reporting....522
Specified foreign financial asset reporting....522
IRS disclosure reporting requirements....523
Foreign Account Tax Compliance Act....524
ERISA Considerations....525
United States legal investment considerations....528
Subscription and sale....529
United States....529
Prohibition of Sales to EEA Retail Investors....532
Prohibition of Sales to UK Retail Investors....532
United Kingdom....533
Public Offer Selling Restriction in the UK....533
Public Offer Selling Restriction in the EEA....533
Republic of Italy....534
Additional representations and restrictions applicable to a class Z variable funding note....535
General....535
Transfer restrictions and investor representations....537
Offers and sales by the initial purchasers....537
Investors' representations and restrictions on resale....537
Certain Relationships....543
Listing and general information....544
Legal entity identifier....544
Authorisation....544
Listing of notes....544
Clearing and settlement....544
Litigation....544
Accounts....545
Significant or material change....545
Valuations....545
Documents available....545
Issuer confirmation....547
Investor reports and information....547
Glossary....551

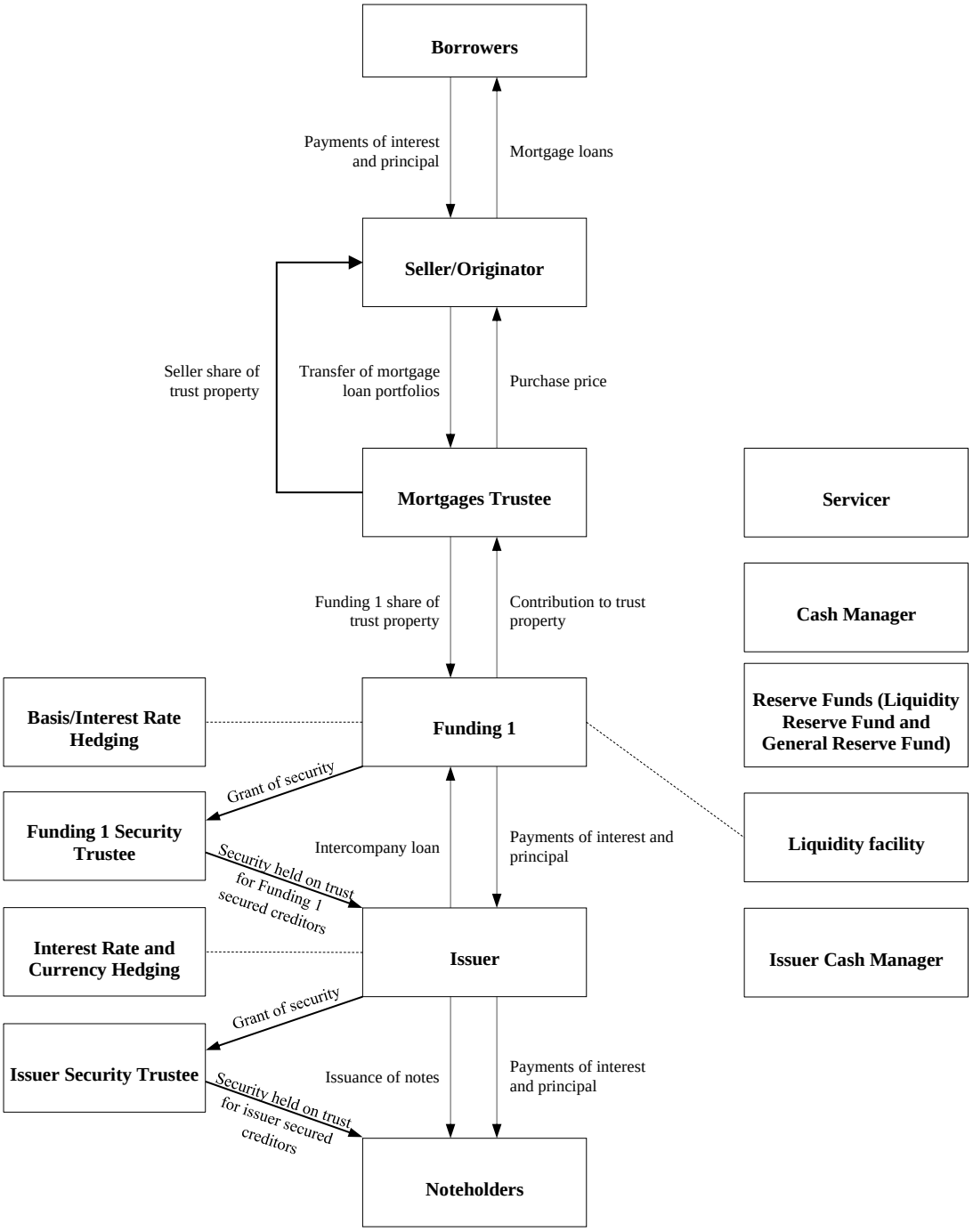
OVERVIEW

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.

Diagrammatic overview of the transaction



Diagrammatic overview of on-going cashflows



Diagrammatic overview of ownership structure of special purpose vehicles

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

- 49,999 shares in the issuer are held legally and beneficially by Silverstone Securitisation Holdings Limited (**Holdings**). The remaining share is held by Wilmington Trust SP Services (London) Limited as nominee for Holdings. Any new issuer is expected to have the same holding structure. See "**The issuer**".

- The post-enforcement call option holder is a wholly-owned subsidiary of Holdings. See "**Silverstone PECOH Limited**".

- The authorised share capital of Funding 1 is 100 shares of £1.00 each, of which the sole share issued is held by Holdings. Any further funding company is also expected to be a wholly-owned subsidiary of Holdings.

- Wilmington Trust SP Services (London) Limited holds one share of £1.00 in Holdings under the terms of a discretionary trust for the benefit of certain discretionary objects (which do not include Nationwide or any entity connected with Nationwide). See "**Silverstone Securitisation Holdings Limited**".

- The entire issued share capital of the mortgages trustee is held beneficially on trust by Intertrust Corporate Services Limited, which is not affiliated with the seller, under the terms of a discretionary trust for the benefit of one or more discretionary objects (which do not include Nationwide or any entity connected with Nationwide). See "**The mortgages trustee**".

- Nationwide, who will organise and initiate each transaction under the programme, has no ownership interest in any of the entities in the diagrams above. As a result, any transaction under the programme will not be directly linked to the credit of Nationwide, and Nationwide has no obligation to support such transaction financially, although Nationwide or other group companies may still have a connection with such transaction for other reasons (such as acting as the seller of the loans and their related security to the mortgages trustee and as a beneficiary under the mortgages trust, which is the bare trust of the trust property held by the mortgages trustee or as maturity purchaser in respect of a series and class of maturity purchase notes).

- New issuers may, after the date of this base prospectus, be established and, in connection with Funding 1, any further funding company or otherwise, issue new notes from time to time, the proceeds of which will be applied in acquiring an interest in the trust property. Thus, all new notes issued will ultimately be secured by the same trust property as the other notes already issued under the programme.

- In certain circumstances (including when new issuers are established in connection with Funding 1 or any further funding company), the Funding 1 security trustee and/or the issuer security trustee may consent to modifications to be made to some of the transaction documents relating to the programme described in this base prospectus and any supplemental prospectus. Your consent will not be obtained in relation to those modifications.

Transaction parties

Party	Name	Address	Document under which appointed / Further Information
Arranger	Nationwide Building Society	Nationwide House, Pipers Way, Swindon SN38 1NW	N/A
Dealer in respect of the Reg S Notes	Nationwide Building Society and such other dealers as may be appointed from time to time	Nationwide House, Pipers Way, Swindon SN38 1NW	N/A
Issuer	Silverstone Master Issuer PLC	c/o Wilmington Trust SP Services (London) Limited, Third Floor, 1 King's Arms Yard, London EC2R 7AF	Please see "**The issuer**" for more information.
Mortgages trustee	Silverstone Finance Trustee Limited	1 Bartholomew Lane, London, United Kingdom, EC2N 2AX	Please see "**The mortgages trustee**" for more information.
Funding 1	Silverstone Funding (No. 1) Limited	c/o Wilmington Trust SP Services (London) Limited, Third Floor, 1 King's Arms Yard, London EC2R 7AF	Please see "**Silverstone Funding (No. 1) Limited**" for more information.
Post-enforcement call option holder	Silverstone PECOH Limited	c/o Wilmington Trust SP Services (London) Limited, Third Floor, 1 King's Arms Yard, London EC2R 7AF	Please see "**Silverstone PECOH Limited**" for more information.
Holdings	Silverstone Securitisation Holdings Limited	c/o Wilmington Trust SP Services (London) Limited, Third Floor, 1 King's Arms Yard, London EC2R 7AF	Please see "**Silverstone Securitisation Holdings Limited**" for more information.
Seller	Nationwide Building Society	Nationwide House, Pipers Way, Swindon SN38 1NW	Please see "**The mortgage sale agreement**" and "**Nationwide Building Society**" for more information.
Start-up loan provider	Nationwide Building Society	Nationwide House, Pipers Way, Swindon,SN38 1NW	The start-up loan provider was appointed pursuant to the start-up loan

Party	Name	Address	Document under which appointed / Further Information
			agreement. Please see "**The start-up loan agreement**" for more information.
Servicer	Nationwide Building Society	Nationwide House, Pipers Way, Swindon, SN38 1NW	The servicer was appointed pursuant to the servicing agreement. Please see "**Servicing Agreement**" for more information.
Funding 1 security trustee	Citicorp Trustee Company Limited	Citigroup Centre, Canada Square, Canary Wharf, London E14 5LB	The Funding 1 security trustee was appointed pursuant to the Funding 1 deed of charge. Please see "**The note trustee, issuer security trustee and Funding 1 security trustee**" for more information.
Issuer security trustee	Citicorp Trustee Company Limited	Citigroup Centre, Canada Square, Canary Wharf, London E14 5LB	The issuer security trustee was appointed pursuant to the issuer deed of charge. Please see "**The note trustee, issuer security trustee and Funding 1 security trustee**" for more information.
Note trustee	Citicorp Trustee Company Limited	Citigroup Centre, Canada Square, Canary Wharf, London E14 5LB	The note trustee was appointed pursuant to the note trust deed. Please see "**The note trustee, issuer security trustee and Funding 1 security trustee**" for more information.
Cash manager	Nationwide Building Society	Nationwide House, Pipers Way, Swindon, SN38 1NW	The cash manager was appointed pursuant to the cash management agreement. Please see "**Cash management agreements**" for more information.

Party	Name	Address	Document under which appointed / Further Information
Issuer cash manager	Nationwide Building Society	Nationwide House, Pipers Way, Swindon, SN38 1NW	The issuer cash manager was appointed pursuant to the issuer cash management agreement. Please see "**Cash management agreements**" for more information.
Mortgages trustee corporate services provider	Intertrust Management Limited	1 Bartholomew Lane, London, United Kingdom, EC2N 2AX	The mortgages trustee corporate services provider was appointed pursuant to the mortgages trustee corporate services agreement. Please see "**Other Agreements—Corporate services agreements**" for more information.
Funding 1 corporate services provider	Wilmington Trust SP Services (London) Limited	c/o Wilmington Trust SP Services (London) Limited, Third Floor, 1 King's Arms Yard, London EC2R 7AF	The Funding 1 corporate services provider was appointed pursuant to the Funding 1 corporate services agreement. Please see "**Other Agreements—Corporate services agreements**" for more information.
Issuer corporate services provider	Wilmington Trust SP Services (London) Limited	c/o Wilmington Trust SP Services (London) Limited, Third Floor, 1 King's Arms Yard, London EC2R 7AF	The issuer corporate services provider was appointed pursuant to the issuer corporate services agreement. Please see "**Other Agreements—Corporate services agreements**" for more information.
Holdings corporate services agreement	Wilmington Trust SP Services (London) Limited	c/o Wilmington Trust SP Services (London) Limited, Third Floor, 1	The Holdings corporate services provider was

Party	Name	Address	Document under which appointed / Further Information
		King's Arms Yard, London EC2R 7AF	appointed pursuant to the Holdings corporate services agreement. Please see "**Other Agreements—Corporate services agreements**" for more information.
Post-enforcement call option holder corporate services provider	Wilmington Trust SP Services (London) Limited	c/o Wilmington Trust SP Services (London) Limited, Third Floor, 1 King's Arms Yard, London EC2R 7AF	The post-enforcement call option holder corporate services provider was appointed pursuant to the post-enforcement call option holder corporate services agreement. Please see "**Other Agreements—Corporate services agreements**" for more information.
Mortgages trustee account bank	Nationwide Building Society	Nationwide House, Pipers Way, Swindon, SN38 1NW	The mortgages trustee account bank was appointed pursuant to the mortgages trustee bank account agreement. Please see "**The bank account agreements—Mortgages trustee bank account agreement**" for more details.
Funding 1 account bank	Nationwide Building Society	Nationwide House, Pipers Way, Swindon, SN38 1NW	The Funding 1 account bank was appointed pursuant to the Funding 1 bank account agreement as amended. Please see "**The bank account agreements—Funding 1 bank account agreement**" for more details.
Issuer account bank	Nationwide Building Society	Nationwide House, Pipers Way, Swindon, SN38 1NW	The issuer account bank was appointed pursuant to the issuer bank account

Party	Name	Address	Document under which appointed / Further Information
			agreement. Please see "**The bank account agreements—Issuer bank account agreement**" for more details.
Funding 1 swap provider	Nationwide Building Society	Nationwide House, Pipers Way, Swindon, SN38 1NW	The Funding 1 swap provider was appointed pursuant to the Funding 1 swap agreement. Please see "**The swap agreements—The Funding 1 swaps**" for further details.
Issuer swap provider	Nationwide Building Society or such other issuer swap provider disclosed as such in a supplemental prospectus	Nationwide House, Pipers Way, Swindon, SN38 1NW	Please see "**The swap agreements—The issuer swaps**" for further details.
Principal paying agent	Citibank, N.A., London Branch	Citigroup Centre, Canada Square, Canary Wharf, London E14 5LB	The principal paying agent was appointed pursuant to the paying agent and agent bank agreement.
Agent bank	Citibank, N.A., London Branch	Citigroup Centre, Canada Square, Canary Wharf, London E14 5LB	The agent bank was appointed pursuant to the paying agent and agent bank agreement.
Registrar	Citibank, N.A., London Branch	Citigroup Centre, Canada Square, Canary Wharf, London E14 5LB	The registrar was appointed pursuant to the paying agent and agent bank agreement.
Transfer agent	Citibank, N.A., London Branch	Citigroup Centre, Canada Square, Canary Wharf, London E14 5LB	The transfer agent was appointed pursuant to the paying agent and agent bank agreement.
Exchange rate agent	Citibank, N.A., London Branch	Citigroup Centre, Canada Square, Canary Wharf, London E14 5LB	The exchange rate agent was appointed pursuant to the paying agent and agent bank agreement.

Party	Name	Address	Document under which appointed / Further Information
U.S. paying agent	Citibank, N.A.	338 Greenwich Street, New York 10012	The U.S. paying agent was appointed pursuant to the paying agent and agent bank agreement.
Listing Authority	Financial Conduct Authority	N/A	N/A
Stock Exchange	London Stock Exchange's Main Market	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.	N/A	N/A

RISK FACTORS

This section describes the principal risk factors associated with an investment in the notes. If you are considering purchasing the 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 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 issuer to pay interest, principal or other amounts on or in connection with the notes of a series and class may occur for other reasons, and the issuer does not represent that the below statements regarding the risk of holding the notes of a series and class are exhaustive. Although the 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 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 issuer to make payments on your notes

The terms of the notes and transaction documents include limited recourse provisions, therefore the notes will not represent an obligation or be the responsibility of any member of Nationwide, the underwriters, the dealers, the joint bookrunners, the arranger, the mortgages trustee, the Funding 1 swap provider, the issuer swap providers or their guarantors, the note trustee, the issuer security trustee, the Funding 1 security trustee, the seller, the servicer, the cash manager, the issuer cash manager, the paying agents, the registrar, the exchange rate agent, the transfer agent, the agent bank, Funding 1, any further funding companies, any new issuers or any other party to the transaction other than the issuer. Other than as set out in the risk factor "*None of the issuer, Funding 1 or the mortgages trustee will have recourse to the seller, other than in respect of a breach of warranty under the mortgage sale agreement*", neither you nor the issuer will have any recourse to the assets of Nationwide. If the issuer does not have sufficient funds to enable it to make the required payments on the notes, as the 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 notes and, as a result, you may incur a loss of interest and/or principal which would otherwise be due and payable on your notes.

The issuer has limited resources available to it to make payments on your notes

The issuer's ability to make payments of principal and interest on the notes and to pay its operating and administrative expenses will depend primarily on the payments being received by it under the intercompany loan agreement. In addition, the issuer will rely on the issuer swaps to provide currency and/or interest rate hedging (as appropriate) so as to meet its obligations under the relevant notes. The issuer will not have any other significant sources of funds available to meet its obligations under the notes and/or other payment ranking in priority to the notes. If the resources described above cannot provide the issuer with sufficient funds to enable it to make the required payments on the notes, you may incur a loss of interest and/or principal which would otherwise be due and payable on your notes.

Funding 1 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 your notes

Funding 1's ability to pay amounts payable on the term advances will depend upon:

- Funding 1 receiving enough funds in respect of its share in the trust property on or before each Funding 1 payment date;

- Funding 1 receiving the required funds from the Funding 1 swap provider;

- subject to the limits and conditions on the purposes for which the general reserve fund may be utilised, the amount of funds credited to the general reserve fund (as described in "**Credit Structure—General reserve fund**" and "**Funding 1 liquidity reserve fund**");

- subject to the limits and conditions on the purposes for which the Funding 1 liquidity reserve fund may be utilised, any amount of funds credited to Funding 1 liquidity reserve fund, if any (as described in "**Credit Structure**"); and

- the allocation of funds between the term advances made by the issuer to Funding 1 and any new term advances made by any new issuers to Funding 1.

You should be aware however that not all classes of notes are scheduled to receive payments from the reserve funds referred to above. Payments out of the reserve funds referred to above are described under "**Credit Structure—General reserve fund**" and "**Funding 1 liquidity reserve fund**".

Subject to the terms of the mortgages trust deed, the mortgages trustee is obliged to pay to Funding 1 the Funding 1 share percentage of revenue receipts by crediting those amounts to the Funding 1 GIC account or other applicable Funding 1 account on each distribution date. The mortgages trustee is obliged to pay to Funding 1 the relevant amounts of principal receipts on the loans to which Funding 1 is entitled pursuant to the terms of the mortgages trust deed, by crediting those amounts to the Funding 1 GIC account or other applicable Funding 1 account.

Funding 1 will be obliged to pay amounts due and payable to the issuer under each term advance only to the extent that it has funds available to it after making payments ranking in priority to such term advance, such as payments of certain fees and expenses of Funding 1 (including payment of a facility fee pursuant to the intercompany loan agreement to cover certain fees and expenses of the issuer and payments on term advances of a more senior ranking), and after taking into account payments ranking equally with such term advance (such as other term advances of the same tier). See "**Cashflows**".

If Funding 1 does not pay amounts due to the issuer in respect of a term advance under the intercompany loan agreement because it does not have sufficient funds available, those amounts will remain due but not payable until funds are available to pay those amounts in accordance with the relevant Funding 1 priority of payments. Funding 1's failure to pay those amounts to the issuer when due in such circumstances will not constitute an event of default under the intercompany loan agreement until the last occurring final repayment date of any term advance advanced under the intercompany loan agreement that is outstanding. Following enforcement of the Funding 1 security and application of the proceeds of enforcement, any remaining shortfall will be extinguished.

If there is a shortfall between the amounts paid by Funding 1 to the issuer in respect of a term advance under the intercompany loan agreement and the amounts due by the issuer on the related series and class of notes, you may not, depending on what other sources of funds are available to the issuer and to Funding 1, receive the full amount of interest and/or principal and/or other amounts which would otherwise be payable on such notes.

On each Funding 1 payment date, Funding 1 may be required to credit to a non-monthly term advance ledger amounts (subject to the application of amounts ranking in priority thereto and as specified further in "**Cashflows**") to provide for the payment of amounts that will become due and payable on future Funding 1 payment dates. On each interest payment date in respect of a series or class (or sub-class) of non-monthly notes, Funding 1 will apply amounts standing to the credit of a non-monthly term advance ledger for the related non-monthly term advance in or towards payment in respect of such notes. Amounts which have been credited to a non-monthly term advance ledger in respect of a non-monthly term advance may not be applied towards payments in respect of any other term advance or any non-related notes. However, to the extent that any amounts are retained in such ledger, such amounts will

be paid out within 18 months of any receipt thereof. It should be noted however that amounts standing to the credit of a non-monthly term advance principal ledger may be applied in certain circumstances to make up a Funding 1 revenue deficit.

Funding 1's ability to pay amounts on the term advances due and payable to the issuer will depend, among other things, on the minimum yield. It will be a condition to the sale of loans to the mortgages trustee (or to the retention in the portfolio of loans subject to further advances or product switches) that, as at the date of sale of the loans (or, in the case of further advances or product switches, as at the trust calculation date following the trust calculation period in which such further advances or product switches were made), the yield generated by, *inter alia*, loans (including the loans to be sold on that date) is at least the minimum yield. Unless specified in any supplement or amendment by way of supplementary prospectus to this base prospectus, on an issuance of notes, the applicable final terms (or, in the case of exempt notes, the applicable pricing supplement) will specify such minimum yield.

The minimum yield may be changed at any time, without the consent of the noteholders, provided that confirmation has been obtained from S&P that the change will not result in the reduction, qualification or withdrawal of its then current rating of any outstanding rated notes (and advance notice in writing of such change has been provided to Moody's and Fitch and there being no reduction, qualification or withdrawal by Moody's or Fitch of the then current ratings of the rated notes as a consequence thereof) (provided that such confirmation from S&P shall not be required to the extent such rating agency does not maintain a rating of any notes which are outstanding).

Enforcement of the issuer security is the only remedy for a default on the issuer's obligations, and the proceeds of that enforcement may not be enough to make all the payments due on your notes

The only remedy for recovering amounts on the notes is through the enforcement of the issuer security. The issuer security is only enforceable in certain circumstances and such enforcement may be subject to certain conditions, including a requirement that the issuer security trustee be indemnified and/or secured to its satisfaction. The issuer will not have any recourse to the assets of Funding 1 unless Funding 1 has also defaulted on its obligations under the intercompany loan agreement and the Funding 1 security has been enforced.

If the security created pursuant to the terms of the issuer deed of charge is enforced, the proceeds of enforcement may be insufficient to pay all principal and interest and/or other amounts due on your notes.

The notes will be subject to the limited recourse provisions set out in Condition 10.2 whereby all obligations of the issuer to such noteholders are limited in recourse to the property, assets and undertakings of the issuer which are the subject of any security created by the issuer deed of charge. If there are no such assets remaining which are capable of being realised or otherwise converted into cash and following application of such amounts in accordance with the issuer deed of charge there are insufficient amounts available to pay in full amounts outstanding under such notes, then noteholders shall have no further claim against the issuer in respect of any amounts owing to them which remain unpaid and such unpaid amounts shall be deemed to be discharged in full and any relevant payment rights shall be deemed to cease.

Other creditors will share in the same security granted by Funding 1 to the Funding 1 security trustee and this may adversely affect payments on your notes

If Funding 1 borrows further term advances from the issuer or a new issuer, it may also be required to enter into a new start-up loan agreement with the start-up loan provider or a new start-up loan provider and the Funding 1 security trustee. If required by the rating agencies in order to support the rating of the rated notes, Funding 1 will use part of the proceeds of the new start-up loan to further fund the general reserve fund or, if applicable, the Funding 1 liquidity reserve fund.

Similarly, if necessary, Funding 1 will also enter into a new Funding 1 swap with either the Funding 1 swap provider or a new Funding 1 swap provider and the Funding 1 security trustee.

Any new start-up loan provider and any new Funding 1 swap provider will become party to the Funding 1 deed of charge pursuant to a deed of accession and will be entitled to share in the security granted by Funding 1 for the issuer's benefit (and the benefit of the other Funding 1 secured creditors) under the Funding 1 deed of charge. In addition, the liabilities owed to the Funding 1 swap provider which are secured by the Funding 1 deed of charge may increase each time that Funding 1 borrows further term advances. These factors could ultimately cause a reduction in the payments you receive on your notes. Your consent to the requisite changes to the transaction documents may not be required to be sought.

The issuer may be unable to pay or provide for, in full or at all, interest due on its notes if there is a revenue or principal deficiency

If, on any Funding 1 payment date, there is a Funding 1 revenue deficit amount (i.e. Funding 1 available revenue receipts (including the general reserve fund and the Funding 1 liquidity reserve fund (if any)) are insufficient to pay or provide for the payment of interest on certain term advances and other senior expenses of Funding 1 due or required to be provided for on such Funding 1 payment date), then Funding 1 may use principal receipts distributed to it by the mortgages trustee to make up the Funding 1 revenue deficit amount.

Funding 1 may only apply Funding 1 principal receipts and amounts credited to the non-monthly term advance principal ledgers in the order set out further herein towards covering a Funding 1 revenue deficit amount (if any) on:

- interest due on the term AA advances, to the extent that, following such application (and, for the avoidance of doubt, following the recording of losses), the debit balance of the AA principal deficiency sub-ledger is in an amount equal to or less than the amount calculated by applying the AA PDL (revenue shortfall) percentage to the outstanding principal amount of the term AA advances;

- interest due on the term A advances, to the extent that, following such application (and, for the avoidance of doubt, following the recording of losses), the debit balance of the A principal deficiency sub-ledger is in an amount equal to or less than the amount calculated by applying the A PDL (revenue shortfall) percentage to the outstanding principal amount of the term A advances;

- interest due on the term BBB advances, to the extent that, following such application (and, for the avoidance of doubt, following the recording of losses), the debit balance of the BBB principal deficiency sub-ledger is in an amount equal to or less than the amount calculated by applying the BBB PDL (revenue shortfall) percentage to the outstanding principal amount of the term BBB advances; and

- interest due on the term BB advances, to the extent that, following such application (and, for the avoidance of doubt, following the recording of losses), the debit balance of the BB principal deficiency sub-ledger is in an amount equal to or less than the amount calculated by applying the BB PDL (revenue shortfall) percentage to the outstanding principal amount of the term BB advances.

In calculating (as of any Funding 1 payment date) whether there is a Funding 1 revenue deficit amount, Funding 1 will not take into account Funding 1 available revenue receipts which have been credited on previous Funding 1 payment dates to the non-monthly term advance revenue ledgers and such amounts will not be available to Funding 1 to be applied towards covering a Funding 1 revenue deficit amount (if any).

Funding 1 will also be obliged to record on the principal deficiency ledger any losses on the loans in the portfolio which cause a principal deficiency. In addition, if amounts standing to the credit of the Funding 1 collateralised GIC account cannot be withdrawn from such account (including, without limitation, in the event of a moratorium on insolvency, bank insolvency, administration or bank administration of Nationwide or it being unable to pay these amounts), the sum of (1) any shortfall between the relevant Funding 1 designated collateral amount and the amount received upon realisation of the Funding 1 custody collateral, and (2) the relevant Funding 1 designated term NR GIC collateral advance amount shall be debited to the Funding 1 principal deficiency ledger (provided, that any such amounts subsequently recovered shall be credited to the Funding 1 principal deficiency ledger to the extent there are Funding 1 available revenue receipts available for that purpose). Losses, Funding 1 principal receipts used to cover a Funding 1 revenue deficit amount and collateral shortfall amounts described above will be debited to the principal deficiency sub-ledger of the term advances with the lowest term advance rating until the principal deficiency ledger balance is equal to the outstanding principal amount of those term advances. Losses, Funding 1 principal receipts used to meet Funding 1 revenue deficit amounts and collateral shortfall amounts described above will thereafter be debited to the principal deficiency sub-ledger of the term advance with the next lowest term advance rating. Losses, Funding 1 principal receipts used to meet Funding 1 revenue deficit amounts and collateral shortfall amounts described above will continue to be allocated in this manner until an amount is debited to the class A principal deficiency sub-ledger, at which point an asset trigger event will occur.

If Funding 1 uses Funding 1 principal receipts to help reduce a Funding 1 revenue deficit amount, if losses occur on the loans or if a collateral shortfall amount is recorded on the principal deficiency ledger, this will reduce the amount of Funding 1 principal receipts available to repay or provide for the repayment of the term advances.

However, it is expected that any principal deficiencies of this sort will be recouped from subsequent excess revenue receipts and amounts standing to the credit of the general reserve fund and the Funding 1 liquidity reserve fund. The excess revenue receipts will be applied first to cover any principal deficiency in respect of the term advances with the highest term advance rating (at the initial closing date, being the term AAA advances), and then the term advances with the next highest-ranking term advance rating, and so on down to the term advances with the lowest term advance rating.

If there are insufficient funds available because of revenue or principal deficiencies, then one or more of the following consequences may occur:

- the interest and other net income of Funding 1 may not be sufficient, after making the payments or provisions to be made in priority thereto, to pay, in full or at all, interest due on the term advances;

- there may be insufficient funds to repay or provide for the repayment of the principal due on any of the term advances prior to their final repayment dates unless the other net income of Funding 1 is sufficient, after making or providing for other prior ranking payments, to reduce any principal deficiency in respect of such term advances;

- if the amount of principal deficiencies exceeds the outstanding principal amount of any of the relevant term advances (and the principal deficiencies cannot be covered by the other income of Funding 1), then the issuer may not receive the full principal amount of any or all of the relevant term advances and, accordingly, you may not receive the full principal amount due or payable on the relevant class of notes; and/or

- the issuer may be unable to pay, in full or at all, interest due on the notes.

For more information on income and principal deficiencies, see "Credit Structure—Principal deficiency ledger".

Subordination of other note classes may not protect noteholders from all risk of loss

Funds which are available to be applied in the payment of interest on all notes will be allocated towards payment (in the case of monthly notes and monthly term advances) or towards provision for payment (in the case of non-monthly notes and non-monthly term advances, which provisioning will apply only prior to the occurrence of a pass-through trigger event) on a monthly basis. The class B notes, the class M notes, the class C notes, the class D notes and the class Z notes of all series will be subordinated in right of such monthly payment of interest or such monthly provision for payment of interest to the class A notes of all series. The class M notes, the class C notes, the class D notes and the class Z notes of all series will be subordinated in right of such monthly payment of interest or such monthly provision for payment of interest to the class B notes of all series. The class C notes, the class D notes and the class Z notes of all series will be subordinated in right of such monthly payment of interest or such monthly provision for payment of interest to the class M notes of all series. The class D notes and the class Z notes of all series will be subordinated in right of such monthly payment of interest or such monthly provision for payment of interest to the class C notes of all series. The class Z notes of all series will be subordinated in right of such monthly payment of interest or such monthly provision for payment of interest to the class D notes of all series.

Any amount that has been allocated in any month towards the payment, or provision for payment, of interest on any class (or sub-class) of notes of any series may only be applied on the interest payment date for such notes (whether or not such interest payment date occurs before or after the occurrence of a pass-through trigger event) in payment of such interest amount on such class (or sub-class) of notes and will not be available for the payment of interest due on any other class (or sub-class) of notes of such series (or of any other series).

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

However, prior to the occurrence of a pass-through trigger event (and in a manner similar to that for the payment or provision for payment of interest), funds which are available to be applied in the repayment of principal on pass-through notes will be allocated towards repayment (in the case of monthly notes and monthly term advances) or for the provision for repayment (in the case of non-monthly notes and non-monthly term advances) on a monthly basis. Any amount that has been allocated in any month towards the repayment, or provision for repayment of principal on any class (or sub-class) of pass-through notes of any series may only be applied on the interest payment date for such notes in repayment of such principal amount on such class (or sub-class) of notes and will not be available for the repayment of principal (or the payment of interest) due on any other class (or sub-class) of notes of such series (or of any other series). However, such amounts may be applied in certain circumstances to make up a Funding 1 revenue deficit.

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, the class C noteholders from all risks of loss or the class D noteholders from all risks of loss. If the losses borne by the class Z notes are in an amount equal to the aggregate principal amount outstanding of the class Z notes, then losses on the loans will thereafter be borne by the class D notes. Similarly, if the losses borne by the class Z notes and the class D notes are in an amount equal to the aggregate principal amount outstanding of the class Z notes and the class D notes, then losses on the loans will thereafter be borne by the class C notes. If the losses borne by the class Z notes, the class D notes and the class C notes are in an amount equal to the aggregate principal amount outstanding of the class Z notes, the

class D notes and the class C notes, then losses on the loans will thereafter be borne by the class M notes. If the losses borne by the class Z notes, the class D notes, the class C notes and the class M notes are in an amount equal to the aggregate principal amount outstanding of the class Z notes, the class D 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 D notes, the class C notes, the class M notes and the class B notes are in an amount equal to the aggregate principal amount outstanding of the class Z notes, the class D 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.

You should be aware that not all classes of 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 notes will be specified in the applicable final terms (or, in the case of exempt notes, the applicable pricing supplement). Each series and class (or sub-class) of notes may have interest payment dates in respect of interest and/or principal that are different from other 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 notes may nevertheless be repaid principal before higher-ranking classes of notes, and a series and class (or sub-class) of notes may be repaid principal before other series of notes of the same class. Payments of principal are expected to be made to each class of notes in amounts up to the amounts set forth under "**Cashflows—Distribution of issuer principal receipts before note acceleration**", **"Distribution of issuer principal receipts after note acceleration but before intercompany loan acceleration**" and "**Distribution of issuer principal receipts and issuer revenue receipts following note acceleration and intercompany loan acceleration**".

Termination payments on the issuer swaps may adversely affect the funds available to make payments on your notes

If any of the issuer swaps terminate, the issuer may as a result be obliged to make a termination payment to the relevant issuer swap provider (or the relevant issuer swap provider may be obliged to make a termination payment to the issuer). The amount of the termination payment will be based on the cost of entering into a replacement issuer swap. Under the intercompany loan agreement, Funding 1 will be required to pay the issuer a facility fee in an amount equal to any termination payment due by the issuer to the relevant issuer swap provider. Funding 1 will also, as part of such facility fee, be obliged to pay the issuer any extra amounts which the issuer may be required to pay to enter into a replacement issuer swap.

There is no assurance that Funding 1 will have the funds available to make those payments or that the issuer will have sufficient funds available to make any termination payment under any of the relevant issuer swaps, to fund the cost of entering into replacement issuer swaps or to make subsequent payments to you in respect of the relevant series and class (or sub-class) of notes. There can also be no assurance that the issuer will receive the amount of any termination payment due to it under any relevant issuer swap. Nor can the issuer give you any assurance that it will be able to enter into a replacement issuer swap or, if one is entered into, that the credit rating of the replacement issuer swap provider will be sufficiently high to prevent a downgrading of the then current ratings of the rated notes by the rating agencies.

Except where an issuer swap provider has caused the relevant issuer swap to terminate by its own default or downgrade, any termination payment due by the issuer will rank equally not only with payments due to the holders of the series and class (or sub-class) of notes to which the relevant issuer swap relates but also with payments due to the holders of any other series and class (or sub-class) of notes which rank equally with the series and class (or sub-class) of notes to which the relevant issuer swap relates (although in this regard see "**Insolvency proceedings and subordination provisions**"). Any additional amounts required to be paid by the issuer following termination of an issuer swap (including any extra

costs incurred (for example, from entering into "spot" currency transactions or interest rate swaps) if the issuer cannot immediately enter into a replacement issuer swap or extra costs incurred as a result of entering into of a replacement issuer swap) will also rank equally not only with payments due to the holders of the series and class (or sub-class) of notes to which the relevant issuer swap relates but also with payments due to the holder of any other series and class (or sub-class) of notes which rank equally with the series and class (or sub-class) of notes to which the relevant issuer swap relates. Furthermore, any termination payment or additional payment or additional amounts required to be paid by the issuer following termination of an issuer swap (except where the relevant issuer swap provider has caused the issuer swap to terminate by its own default or downgrade (although in this regard see "**Insolvency proceedings and subordination provisions**")) and any additional amounts requested to be paid by the issuer in relation to the entry into a replacement issuer swap will rank ahead of payments due to the holders of any series and class (or sub-class) of notes which ranks below the series and class (or sub-class) of notes to which the relevant issuer swap relates. Therefore, if the issuer is obliged to make a termination payment to the relevant issuer swap provider or to pay any other additional amount as a result of the termination of the relevant issuer swap or the entry into of a replacement issuer swap, this may affect the funds which the issuer has available to make payments on the notes of any class (or sub-class) and any series.

RISKS RELATING TO THE UNDERLYING ASSETS

If property values decline payments on the notes could be adversely affected

The security granted by Funding 1 in respect of its obligations under the intercompany loan agreement, which is the principal source of funding for your notes, consists, among other things, of Funding 1'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 1, will decrease if there is a general decline in property values.

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 notes.

If a borrower fails to repay its loan and the related property is repossessed, the likelihood of there being a net loss on the disposition or conveyance (as applicable) 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 that loan will depend upon a number of factors, including the availability of buyers for that property, the value of that property and property values in general at the time and, ultimately, may materially adversely affect the ability of the issuer to make payments on the notes. The applicable final terms (or, in the case of exempt notes, the applicable pricing supplement) will provide information on the distribution of the loan-to-value ratios at origination of the loans sold to the mortgages trustee in connection with a particular issuance of notes.

It cannot be guaranteed that the value of a property will remain at the same level as on 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 issuer to make payments on the notes.

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 your notes

Each loan in the portfolio will be repayable on one of the three following bases: (a) on a principal repayment basis; (b) on an interest-only basis; or (c) on a part principal repayment/part interest-only basis. For interest-only loans or loans with an interest-only element because the principal or the

remaining principal element is repaid in a lump sum at the maturity of the loan, it is the responsibility of the borrower to have an investment plan in place to assist the borrower to ensure that funds will be available to repay the principal at the end of the term. The seller does not verify that an investment plan is in place and does not take security over these investment plans.

The ability of a borrower to repay the principal on an interest-only loan, or the principal element of a loan of type (c) above, at maturity depends on the borrower ensuring that sufficient funds are available from an investment plan or another source, such as ISAs, pension policies, personal equity plans or endowment policies, 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 investment may be insufficient to cover the repayment of principal of the loan. There can be no assurance that a 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 notes if that loss cannot be cured by application of excess Funding 1 available revenue receipts.

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

The yield to maturity of the notes of each class will be affected by the amount and timing of payment of principal on the loans in the portfolio and the price paid by the noteholders of each class of notes.

The yield to maturity of the notes of each class may be adversely affected by a higher or lower than anticipated rate of prepayments on the loans in the portfolio.

No assurance can be given that Funding 1 will accumulate sufficient funds during the cash accumulation period relating to each bullet term advance and/or each scheduled amortisation instalment to enable it to repay to the issuer the bullet term advances and scheduled amortisation instalments, in full, on the relevant scheduled repayment dates so that the equivalent amounts relating to the corresponding classes (or sub-classes) of notes will be redeemed in full on their scheduled redemption dates. The extent to which sufficient funds are saved by Funding 1 during a cash accumulation period or received by it from its share in the mortgages trust for application on a scheduled repayment date will depend on whether the actual principal prepayment rate of the loans in the portfolio is the same as the assumed principal prepayment rate.

If Funding 1 is not able to save enough money during a cash accumulation 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 instalment on their scheduled repayment dates and the issuer is therefore unable to redeem, in an equivalent amount, the corresponding series and classes (or sub-classes) of notes on their scheduled redemption dates, then Funding 1, subject to any swap payments which it may have to make, will be required to pay to the issuer on those scheduled redemption dates only the amount that it has actually saved or received. Accordingly, the issuer will only be obliged to pay the amount of funds received from Funding 1 to holders of the corresponding series and classes (or sub-classes) of notes. Any shortfall will be deferred and paid on subsequent Funding 1 payment dates when Funding 1 has money available to make the payment. In these circumstances, there will be a variation in the yield to maturity of the relevant classes (or sub-classes) of notes.

During the cash accumulation period for a bullet term advance, payments of principal in respect of scheduled amortisation term advances will be restricted and may not be made if certain constant repayment rate (**CPR**) tests and other repayment tests are not met as set out in "**Cashflows—Distribution of Funding 1 available principal receipts**". Additionally, during the cash accumulation period for a bullet term advance and/or a scheduled amortisation instalment, payments of principal or provisions for the payment of principal on pass-through term advances will be restricted and may not

be made if certain CPR, cash accumulation shortfall and other repayment tests are not met as set out in the repayment tests under "**Cashflows—Distribution of Funding 1 available principal receipts**".

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

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 such borrowers to repay loans. Loss of earnings, illness, divorce or widespread health crises or the fear of such crises (including, but not limited to, coronavirus/COVID-19 (or any strain of the foregoing), or other epidemic and/or pandemic diseases) and 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 addition, governmental action or inaction in respect of, or responses to, any widespread health crises or such potential crises (such as those mentioned previously), 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 issuer to satisfy its obligations under the notes.

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

The rate of prepayment of loans is influenced by a wide variety of economic, social and other factors, including prevailing mortgage market interest rates, the availability of alternative financing, local and regional economic conditions and homeowner mobility. For instance, prepayments on 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 and its related security because, for example, it 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 such loan. Because these factors are not within the issuer's control or the control of Funding 1 or the mortgages trustee, the issuer cannot give any assurances as to the level of prepayments that loans in the portfolio may experience.

Variation in the rate of prepayments of principal on the loans in the portfolio including loans being subject to a product switch or a further advance may affect each series and class (or sub-class) of notes differently depending upon amounts already repaid by Funding 1 to the issuer under the intercompany loan agreement, whether a trigger event has occurred, whether a loan is subject to a product switch, further advance, overpayment, underpayment or payment holiday, whether drawings have been made under flexible loans, whether the seller is required (or has exercised its option) to repurchase loans subject to a product switch or further advance or whether the security granted by the issuer under the issuer deed of charge has been enforced. If prepayments on the loans in the portfolio occur less frequently than anticipated, there may be insufficient funds available to the issuer to redeem notes in full on their respective scheduled redemption dates.

In the wake of the financial crisis the rate of prepayment of the loans in the portfolio remained relatively low in line with other UK mortgage loan portfolios as a result of reduced levels of activity in the housing market and mortgage finance market although prepayments have begun to pick up with the recovery in the economy. The impact of low prepayment rates on the timing of repayment of all or a particular class of notes is only partly mitigated by an extension of the Funding 1 anticipated cash accumulation

period in respect of such notes and there is a risk that there will not be sufficient funds in the Funding 1 accumulation ledger to fully redeem a class of notes on their scheduled repayment date.

Although the seller has previously acquired part of the Funding 1 share of the trust property in circumstances where the proceeds were used to repay certain loan tranches, which repayment in turn funded payment of the corresponding series and classes of notes, there is no obligation on the seller to take such action and there is no guarantee or assurance that the seller would or will acquire any part of the Funding 1 share of the trust property on any future date.

The issuer's ability to pay interest on and/or redeem the notes on the scheduled interest, redemption or final maturity dates may be affected by a high rate of default on the loans

The amounts required to pay interest on and/or redeem the notes are generated substantially from payments of interest and principal on the loans. If defaults in payment on the loans increase, there is a risk that the payments made under the remaining loans (where no default has occurred) may not be sufficient in order to pay interest on and/or redeem the notes on the interest payment dates or scheduled redemption dates, or at all.

The default by a borrower under a loan in payment of interest and/or principal gives rise to the lender's rights to enforce its security (for example by selling the property) in order to repay the debt secured. There are, however, several requirements which would need to be complied with before the proceeds of realisation of such security could be applied in or towards repayment of the relevant loan.

These include complying with any applicable current or future codes of practice and protocols relating to possession proceedings (see "**Servicing Agreement**" section below), obtaining a court order for possession and marketing the property for a reasonable period in order to ensure a proper price is obtained.

Certain legislation (namely the Mortgage Repossessions (Protection of Tenants etc.) Act 2010 and the Dwelling Houses (Execution of Possession Orders by Mortgagees) Regulations 2010) has extended with effect from 1 October 2010 protections granted to occupiers of mortgaged properties by requiring, before any possession order can be enforced, notice to be given to all unauthorised tenants (namely tenants to whom the mortgagee has not consented) and giving such tenants the right to ask for the execution of the possession order to be postponed for up to 2 months. Similar legislation is in effect in Scotland.

The combined effect of the above is that there may be several months between the date of any default occurring under any loan and the time when the proceeds of the sale of security for such loan are available to repay such loan. During this period there may be no payments made under the relevant loan (thus increasing the amount of the arrears) and there may also be costs and expenses (for example insurance premiums, and/or the costs of providing services and/or enforcing the security) relating to the property which would need to be discharged. There can be no assurance, at the end of such process, that such realisation proceeds would be sufficient to discharge payments due in respect of the relevant loan.

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 gives that borrower greater flexibility in the timing and amount of payments made under the loan. 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. For a detailed summary of the characteristics of the flexible loans, see "**The loans—Characteristics of the loans—Flexible Loans and Flexible Advances – Flexible loans**".

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

As loans are sold to the mortgages trustee, the characteristics of the trust property may change from those existing at the relevant closing date, and those changes may adversely affect payments on your notes

There is no guarantee that any loans sold to the mortgages trustee, from time to time, will have the same characteristics as the loans in the portfolio as at the closing date applicable to your notes. In particular, loans may have payment characteristics that differ from those of the loans in the portfolio as at the relevant closing date. The ultimate effect of this could be to delay or reduce the payments you receive on your notes. However, any loans will be required to meet the conditions described in "**The mortgage sale agreement—Sale of loans and their related security to the mortgages trustee**".

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

Each of the loans sold to the mortgages trustee by the seller will have been originated in accordance with the lending criteria of the seller or relevant member of the Nationwide group in effect at the time of origination of such loans. The current lending criteria of Nationwide as originator are set out in the section "**The loans—Underwriting—Lending criteria**". These lending criteria comply with FCA rules on affordability assessments and product regulation (as further set out in "**General impact of regulatory changes on Nationwide in its various roles under the programme**") and 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 sale of any loans and their related security to the mortgages trustee, the seller will warrant that such loans and their related security were originated in accordance with the seller's or, as the case may be, originator's lending criteria applicable at the time of their origination. However, the seller retains the right to revise its lending criteria from time to time, so the lending criteria applicable to any loan originated by the seller or other member of the Nationwide group at the time of its origination may not be or have been the same as those set out in the section "**The loans—Underwriting—Lending criteria**". Additionally, none of the issuer, the dealers, the underwriters or the joint bookrunners, or any third party hired by any such person, has made any independent investigation to verify that any loan sold to the mortgages trustee by the seller was originated in accordance with the lending criteria of the seller or relevant member of the Nationwide group in effect at the time of origination of such loan.

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

The criteria for the sale of loans to the mortgages trustee may change over time without your consent

The criteria for loans to be sold to the mortgages trustee may be amended in the future without your consent. As a result, the mortgages trust may include types of loans in the future with different characteristics from those currently in the mortgages trust. This may occur, for example, due to the development of new mortgage loan products in response to changing market conditions. Any such amendments, as provided for in the mortgage sale agreement, would require the consent of the parties to the mortgage sale agreement as well as confirmation in writing by S&P that the then current rating by it of the rated notes would not be reduced, withdrawn or qualified as a result of such amendments (and advance notice in writing of any such amendment to the criteria for loans has been provided to Moody's and Fitch and there being no reduction, qualification or withdrawal by Moody's or Fitch of the then current ratings of the rated notes as a consequence thereof) (provided that such confirmation

from S&P shall not be required to the extent such rating agency does not maintain a rating of any notes which are outstanding). 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—Underwriting—Lending criteria**".

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

The seller does not require a solicitor or a licensed conveyancer or (in Scotland) a qualified conveyancer to conduct a full investigation of the title to a mortgaged property in all cases. Where the borrower is remortgaging, there may be a more limited investigation to carry out some but not all of the searches and investigations which would normally be carried out by a solicitor conducting a full investigation of the title to a mortgaged property. Mortgaged 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 mortgaged properties not being accepted as security for a loan had such matters been revealed. However, no search indemnity insurance is obtained in respect of such mortgaged properties to mitigate against this risk. The introduction of loans secured by such mortgaged properties into the trust property could result in a change of the characteristics of the trust property. This could lead to a delay or reduction in the payments received on your notes.

Repurchases of loans by the seller may have the same effect as prepayments on the loans

Loans in the portfolio subject to product switches and further advances will only be required to be repurchased by the seller 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 trust calculation date immediately following the end of the trust calculation period in which the product switch or further advance takes place, the relevant loan does not comply with the conditions precedent applicable to such loan, as described below in "**The mortgage sale agreement—Conditions for product switches and further advances**". If the seller is required to repurchase any such loans and their related security from the mortgages trustee, the repurchase price will be equal to the true balance of those loans at the end of the trust calculation period in which the product switch or further advance takes place, as calculated on the trust calculation date immediately following the end of such trust calculation period. Other than as described above the seller will be entitled but not obliged to remove any loans that are subject to further advances and/or product switches. If the seller exercises its option to repurchase any such loans and their related security from the mortgages trustee, the repurchase price will be equal to the true balance of those loans at the end of the trust calculation period in which the product switch or further advance takes place, as calculated on the trust calculation date immediately following the end of such trust calculation period.

If the seller is required, or elects to, repurchase such loans and their related security, the loans will be repurchased on the distribution date following the end of the trust calculation period in which the product switch or further advance took place.

See further "The mortgage sale agreement—Product switches and further advances" as to the circumstances in which a loan in the portfolio will be subject to a product switch or further advance.

The yield to maturity of your notes may be affected by the repurchase of loans subject to product switches or further advances.

In addition, 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 mortgage trustee will be required to accept any such offer. See "**The mortgage sale agreement—General ability to repurchase**" and "**The mortgage sale agreement—Repurchase of loans**".

The yield to maturity of the notes may be affected by such repurchase of loans. The number and timing of any such repurchases are not within the control of the issuer. Accordingly, no assurance can be given as to the level of effective prepayments that the portfolio may experience as a result. See "**–The yield to maturity of your notes may be adversely affected by prepayments or redemptions on the loans**".

The portfolio may be subject to geographic concentration risks

To the extent that specific geographic regions within the United Kingdom have experienced or may experience in the future weaker regional economic conditions and housing markets than other regions, a concentration of the loans in such a region may be expected to exacerbate all of the risks relating to the loans described in this section. The economy of each geographic region within the United Kingdom 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 borrowers in that region or the region that relies most heavily on that industry. Any natural or other disasters in a particular region may reduce the value of affected mortgaged properties. This may result in a loss being incurred upon sale of such mortgaged properties. These circumstances could affect receipts on the loans in the portfolio and ultimately result in losses on the notes. For an overview of the geographical distribution of the loans in the portfolio, see "**Statistical information on the portfolio—Geographical distribution**" in the applicable final terms (or, in the case of exempt notes, the applicable pricing supplement).

Set-off claims may constitute transaction set-off

If the seller, in circumstances where the seller is obliged to advance a re-draw or further draw, fails to advance the re-draw or further draw in accordance with the relevant loan, then the relevant borrower may set-off any damages claim (or exercise analogous rights in Scotland) arising from the seller's breach of contract against the seller's (and, as equitable assignee of or holder of the beneficial interest in the loans and the mortgages, the mortgages trustee's) claim for payment of principal and/or interest under the flexible loan or flexible advance as and when it becomes due. In addition, a borrower under a flexible loan or flexible advance may attempt to set off any such damages claim against the seller's claim for payment of principal and/or interest under any other loan which the borrower has with the seller.

The amount of the claim in respect of a re-draw or further draw will, in many cases, be the cost to the borrower of finding an alternative source of funds, although, in the case of re-draws or further draws which relate to Scottish loans, it is possible that the borrower's rights of set-off could extend to the full amount of the relevant drawing. The borrower may obtain a mortgage 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 mortgage 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 borrower entered into the mortgage or which otherwise were reasonably foreseeable.

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. 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.

Further, there may be circumstances in which:

- a borrower may seek to argue that amounts comprised in the true balance of his or her loan as a consequence of previous re-draws or further draws are unenforceable by virtue of non-compliance with the consumer credit regime;

- a borrower may seek to argue that flexible advances and their related security may be unenforceable or unenforceable without a court order because of non-compliance with the consumer credit regime, although such an argument is unlikely to succeed in the context of a flexible advance that can be demonstrated to be a regulated mortgage contract under the FSMA and an exempt agreement for the purpose of the consumer credit regime;

- certain re-draws or further draws may rank behind liens or other security created by a borrower after the date upon which the borrower entered into its mortgage with the seller; or

- a borrower may seek to argue that a loan, being a regulated mortgage contract, is unenforceable by virtue of non-compliance with the FSMA or has been provided to it by the seller in a manner in breach of a relevant FCA rule, thus enabling the borrower to make a claim for damages under the FSMA in respect of such breach (see "**Mortgage regulation under the FSMA**").

The exercise of set-off rights by borrowers, or any such claims as to unenforceability in particular with respect to re-draws and further draws or postponement of ranking, may adversely affect the realised value of the portfolio and/or the ability of the issuer to make payments under the notes.

Risks in relation to some types of loans may adversely affect the value of the portfolio or any part thereof

As described herein, the sale by the seller to the mortgages trustee of English loans and Northern Irish loans has been or will be given effect by an equitable assignment, with each sale of Scottish loans being given effect by a Scottish declaration of trust. As a result, legal title to the English loans, Northern Irish loans and the Scottish loans and their related security sold by the seller to the mortgages trustee will remain with 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 (which, in this risk factor, will be deemed to include analogous rights in Scotland) existing prior to notification to the borrowers of the assignment or assignation (as appropriate) of the loans. Some of the loans in the portfolio may have increased risks of set-off because the seller is required to make payments under them to the borrowers. For instance:

- under a flexible loan, the borrower will be permitted (subject to certain conditions which may, in some circumstances, require notification to and/or consent of the seller) to make, among other things, additional drawings on the loan account and/or to overpay or underpay interest and principal in a given month and/or to take a payment holiday (referred to as **re-draws**); and

- the property that secures a loan will also secure a flexible advance made to the relevant borrower. A flexible advance made prior to 31 October 2004 which forms part of a loan which was entered into before 1 September 2002 is secured by a separate mortgage. Other flexible advances are secured by the same mortgage as the loan to which they relate. Flexible advances permit the borrower to draw additional amounts in aggregate up to the fixed credit limit under the terms of the mortgage conditions at the inception of such flexible advance. Such draws

under a flexible advance are collectively referred to as **further draws**. Such further draws will be funded by the seller.

The mortgages trustee may not receive the benefit of any claims made on the buildings insurance, which could adversely affect payments on your notes

The practice of Nationwide and other members of the Nationwide group, as originators of the loans, in relation to buildings insurance is described under "**The loans—Characteristics of the loans—Insurance policies**". As described in that section, no assurance can be given that the mortgages trustee will always receive the benefit of any claims made under any applicable insurance contracts. This could reduce the principal receipts allocated to Funding 1 according to the Funding 1 share percentage and could adversely affect the issuer's ability to redeem the notes. You should note that buildings insurance is renewed annually. As Nationwide does not verify if buildings insurance has been taken out by a borrower, Nationwide cannot be certain that a borrower has taken out or maintained any buildings insurance or that any such cover would be sufficient to cover any loss. Amounts paid under the buildings insurance are generally utilised to fund the reinstatement of the property and, only on very rare occasions, are paid to the seller to reduce the amount of the loan(s). In the latter circumstance, all insurance cover will be removed but no assurance can be given that this will be the case.

RISKS RELATING TO THE STRUCTURE

The required subordination for a class of notes may be changed

The issuer may change the required subordinated amount for any class of 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 S&P that such change would not cause a reduction, qualification or withdrawal of its then-current rating of any outstanding rated notes that would be affected by such change (and advance notice in writing of such change has been provided to Moody's and Fitch and there being no reduction, qualification or withdrawal by Moody's or Fitch of the then current ratings of the rated notes as a consequence thereof) (provided that such confirmation from S&P shall not be required to the extent such rating agency does not maintain a rating of any notes which are outstanding). Consequently, the issuer could modify the required subordination amount, including the method of calculating such amount, which may affect your interests in any 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 adversely affect your interests in any notes.

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

If, on any interest payment date on which a repayment of principal is due on any series of class B notes, class M notes, class C notes, class D notes or class Z notes at a time when, if the repayment was made, the principal amount outstanding of the remaining subordinate classes of notes would not be sufficient to provide the level of credit enhancement required to support the ratings on the more senior classes of rated notes then outstanding and the issuer is unable to issue additional notes of such class B notes, class M notes, class C notes, class D notes or class Z notes or obtain acceptable alternative forms of credit enhancement, such subordinated class of notes will not be entitled to receive payments of principal until all more senior classes of notes outstanding have their required level of subordination. See "**Cashflows**".

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, class D notes or class Z notes and a more senior class of notes of any series is outstanding on such date, the issuer's obligation to make such principal payments will be subject to the satisfaction of the repayment tests described under "**Cashflows—Distribution of Funding 1 available principal receipts**", including an arrears test, a general reserve fund requirement and a principal deficiency sub-ledger test.

The occurrence of an asset trigger event or enforcement of the issuer security or the Funding 1 security may accelerate the repayment of certain notes and/or delay the repayment of other notes

If an asset trigger event has occurred or a loan acceleration notice or a note acceleration notice has been delivered (and whether or not a non-asset trigger event has occurred), the mortgages trustee will distribute principal receipts on the mortgage loans to Funding 1, any further funding company and the seller proportionally based on their percentage shares of the trust property. Funding 1 will, on each Funding 1 payment date following the occurrence of an asset trigger event or the enforcement of the Funding 1 security or the issuer security, apply those principal receipts received by it from the mortgages trustee, after making higher ranking payments, to repay:

- *first*, the term AAA advances until each of the term AAA advances is fully repaid;
- *then*, the term AA advances until each of the term AA advances is fully repaid;
- *then*, the term A advances until each of the term A advances is fully repaid;
- *then*, the term BBB advances until each of the term BBB advances is fully repaid;
- *then*, the term BB advances until each of the term BB advances is fully repaid; and
- *then*, the term NR advances until each of the term NR advances is fully repaid.

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

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

If a non-asset trigger event has occurred and until the occurrence of an asset-trigger event or delivery of acceleration notices, the mortgages trustee will distribute all principal receipts to Funding 1 and any further funding company in proportion to the size of their respective shares in the trust property until the Funding 1 share percentage and the share percentage attributable to each such further funding company of the trust property are each zero and will thereafter apply all principal receipts to the seller. Funding 1 will, on each Funding 1 payment date following the occurrence of a non-asset trigger event, apply these principal receipts received by it from the mortgages trustee, after making higher ranking payments, to repay:

- *first*, the term AAA advances in order of final repayment date, beginning with the earliest final repayment date until each of the term AAA advances is fully repaid;
- *then*, the term AA advances until each of the term AA advances is fully repaid;
- *then*, the term A advances until each of the term A advances is fully repaid;
- *then*, the term BBB advances until each of the term BBB advances is fully repaid;
- *then*, the term BB advances until each of the term BB advances is fully repaid; and
- *then*, the term NR advances until each of the term NR advances is fully repaid.

The above priority of payments may cause certain series and classes (or sub-classes) of notes to be repaid more rapidly than expected and other series and classes (or sub-classes) of notes to be repaid

more slowly than expected and there is a risk that such notes may not be repaid by their final maturity date.

The occurrence of a pass-through trigger event may accelerate the repayment of certain notes and/or delay the repayment of other notes

A pass-through trigger event will be any of the following events: (a) an asset trigger event or a non-asset trigger event; (b) the service of a note acceleration notice by the note trustee on the issuer; or (c) the service of an intercompany loan acceleration notice by the issuer security trustee on Funding 1.

Following the occurrence of a pass-through trigger event:

- each series and class of notes will become a series and class of pass-through notes and each term advance will become a pass-through term advance (to the extent not already constituted as a series and class of pass-through notes or a pass-through term advance);

- if not already so calculated, interest on each term advance will be calculated on a monthly basis and will be due and payable by Funding 1 to the issuer on each Funding 1 payment date and interest on each series and class of notes will also be calculated on a monthly basis and will be due and payable by the issuer to you on each issuer payment date; and

- principal repayments in respect of each term advance (as to which see "The occurrence of an asset trigger event or enforcement of the issuer security or the Funding 1 security may accelerate the repayment of certain notes and/or delay the repayment of other notes" and "The occurrence of a non-asset trigger event may accelerate the repayment of certain notes and/or delay the repayment of other notes") will be made by Funding 1 on each Funding 1 payment date and the issuer will, also on each issuer payment date, apply the proceeds of such principal repayments, which are available for payment, in repayment of the notes in accordance with the applicable issuer priority of payments but without regard to the scheduled amounts due in respect of the bullet notes and the scheduled amortisation notes and the dates on which such amounts would otherwise have been due.

This may cause certain series and classes of notes to be repaid more rapidly than expected and other series and classes of notes to be repaid more slowly than expected and there is a risk that such notes may not be repaid by their final maturity date.

Issuance of future series of notes may affect the timing and amounts of payments to you

The issuer expects to issue notes in series from time to time. Provided the conditions precedent to such issuance are satisfied (or, in certain limited circumstances, waived), notes may be issued under a new series without notice to existing noteholders and without their consent. Such notes may have different terms from outstanding notes. For a description of the conditions that must be met before the issuer can issue new series of notes, see "**The issuance of notes**".

The issuance of new series of notes by the issuer could adversely affect the timing and amount of payments on outstanding notes. For example, if notes of the same class as your notes issued after your notes have a higher interest rate than your notes, this could result in a reduction in the funds available to pay interest on your notes. Also, when new series of notes are issued, the voting rights of your notes may be diluted.

There may be risks associated with the fact that the mortgages trustee has no legal title to the loans and their related security, which may adversely affect payments on your notes

The sale by the seller to the mortgages trustee of the English loans and the Northern Irish loans and their related security on each sale date will take effect in equity only. The sale by the seller to the

mortgages trustee of the Scottish loans and their related security on each sale date will be effected in each case by a Scottish declaration of trust. Under each Scottish declaration of trust, the beneficial interest in the relevant Scottish loans and their related security will be transferred to the mortgages trustee. 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 "**The mortgage sale agreement—Transfer of legal title to the mortgages trustee**". Until then, no notice of the sale of the English loans and their related security or the Scottish loans and their related security, or the Northern Irish loans and their related security will be given to any borrower, no application will be made to the Land Registry or the Central Land Charges Registry to register or record its equitable interest in the English loans and their related security or to the Land Registry of Northern Ireland or the Registry of Deeds of Northern Ireland to register or record its equitable interest in the Northern Irish loans and their related security and no steps will be taken to complete or perfect its title to the Scottish loans and their related security or to register its interest in the Registers of Scotland.

Because the mortgages trustee has not obtained legal title to the loans or their related security, there are the following risks to the trust property:

- first, if the seller wrongly sold a loan to another person which has already been sold 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 issuer to make payments on the notes;

- 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 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 loans 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 issuer to make payments on the notes; and

- third, until the mortgages trustee has perfected the assignment or assignation (as appropriate) of the loans in the portfolio (which it is entitled to do in certain limited circumstances), the mortgages trustee would not be able to enforce any borrower's obligations under a loan or its related security, but would have to join the seller as a party to any legal proceedings.

However, if a borrower exercises any set-off rights (including any analogous rights in Scotland or Northern Ireland), 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 can be no assurance that it will. If the minimum seller share is exhausted, then the amount of any set-offs would be applied to reduce the share of the trust property of each funding company in accordance with its percentage share. The minimum seller share may be adjusted to take into account other amounts in addition to deposits which a borrower may set-off against the amounts due under the loans. Any such adjustment is subject to the agreement of the seller and the rating agencies 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.

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 (such as, for example, set-off rights associated with borrowers holding deposits with the seller) 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) will not be affected by that notice.

In certain circumstances some of the conditions for issuance of notes may be waived.

If the issuer obtains confirmation from S&P that the issuance of a new series and class (or sub-class) of notes would not cause a reduction, qualification or withdrawal of the then-current rating of any outstanding rated notes rated by that rating agency (and advance notice in writing of such issuance of a new series and class (or sub-class) has been provided to Moody's and Fitch and there being no reduction, qualification or withdrawal by Moody's or Fitch of the then current ratings of the rated notes as a consequence thereof) (provided that such confirmation from S&P shall not be required to the extent such rating agency does not maintain a rating of any notes which are outstanding), then some of the other conditions to issuance of notes (e.g., the absence of a note event of default in respect of a series and/or class of notes) may be waived by the note trustee (provided that such confirmation from S&P shall not be required to the extent such rating agency does not maintain a rating of any notes which are outstanding). For a description of the conditions to issuance and the waiver of such conditions see "**The issuance of notes**".

There may be conflicts between your interests and the interests of any of the other issuer secured creditors

In certain circumstances, the note trustee, the issuer security trustee or, as applicable, the Funding 1 security trustee is able to make modifications to the documents without your prior consent, as described in "*The Funding 1 security trustee, the issuer security trustee and/or the note trustee may agree modifications to and/or waive or authorise any breach of the transaction documents without your prior consent, which may adversely affect your interests*". Save as described in that section, the issuer deed of charge provides that the issuer security trustee will not, and will not be bound to, take any steps, institute any proceedings, exercise its rights and/or to take any other action under or in connection with any of the transaction documents (including, without limitation, enforcing the issuer security) unless the issuer security trustee is directed to do so by the note trustee or, if there are no notes outstanding, the other issuer secured creditors. Similarly, the Funding 1 deed of charge provides that the Funding 1 security trustee will not, and will not be bound to, take any steps, institute any proceedings, exercise its rights and/or to take any other action under or in connection with any of the transaction documents (including, without limitation, enforcing the Funding 1 security) unless the Funding 1 security trustee is directed to do so by the issuer security trustee (itself acting on the instructions of the note trustee) or, if there are no notes outstanding, the other Funding 1 secured creditors. In addition, where a transaction party and/or any of its affiliates act in numerous capacities (including, but not limited to, Funding 1 swap providers, issuer swap providers and dealers in respect of the notes) there may be actual or potential conflicts between (1) the interests of the transaction party and/or any such affiliates in such various capacities and (2) the interests of the noteholders and such transaction parties and/or any such affiliates.

There may be a conflict between the interests of the holders of class A notes, the holders of class B notes, the holders of class M notes, the holders of class C notes, the holders of class D notes and the holders of class Z notes and the interests of other classes of noteholders may prevail over your interests

The note trust deed and the conditions of the notes provide that, in connection with the exercise of its trusts, authorities, powers and discretions under the note trust deed, the note trustee is to have regard to the interests of the holders of all the classes of notes. 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 note trust deed provides that where, in the sole opinion of the note trustee, there is such a conflict, then:

- the note trustee 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 and/or the class M noteholders and/or the class C noteholders and/or the class D noteholders and/or the class Z noteholders on the other hand;

- subject to the preceding paragraph, the note trustee 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 and/or the class C noteholders and/or the class D noteholders and/or the class Z noteholders on the other hand;

- subject to the preceding paragraphs, the note trustee is to have regard only to the interests 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 D noteholders and/or the class Z noteholders on the other hand;

- subject to the preceding paragraphs, the note trustee is to have regard only to the interests 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 D noteholders and/or the class Z noteholders on the other hand; and

- subject to the preceding paragraphs, the note trustee is to have regard only to the interests of the class D noteholders in the event of a conflict between the interests of the class D noteholders on the one hand and the class Z noteholders on the other hand.

There may be a conflict between the interests of the holders of each sub-class of the class A notes, the holders of each sub-class of the class B notes, the holders of each sub-class of class M notes, the holders of each sub-class of the class C notes and the holders of each sub-class of the class D notes and the interests of other sub-classes of noteholders may prevail over your interests

There may be circumstances where the interests of a sub-class of the class A noteholders conflict with the interests of another sub-class of the class A noteholders. Similarly, there may be circumstances where the interests of a sub-class of the class B noteholders conflict with the interests of another sub-class of the class B noteholders, the interests of a sub-class of the class M noteholders conflict with the interests of another sub-class of the class M noteholders, the interests of a sub-class of the class C noteholders conflict with the interests of another sub-class of the class C noteholders or the interests of a sub-class of the class D noteholders conflict with the interests of another sub-class of the class D noteholders.

The note trust deed and the conditions of the notes provide that where, in the sole opinion of the note trustee, there is such a conflict, then a resolution directing the note trustee to take any action must be passed at separate meetings of the holders of each such sub-class of the class A notes, each such sub-class of the class B notes, each such sub-class of the class M notes, each such sub-class of the class C notes or, as applicable, each such sub-class of the class D notes. A resolution may only be passed at a single meeting of the noteholders of each sub-class if the note trustee is, in its absolute discretion, satisfied that there is no conflict between them.

Similar provisions apply in relation to requests in writing from holders of a specified proportion of the principal amount outstanding of the notes of each sub-class (the principal amount outstanding being converted into sterling for the purposes of making the calculation). You should note that, as a result of repayments of principal on the notes, the principal amount outstanding of each series and class (or sub-class) of the notes of the issuer will change after the relevant closing date.

No loans may be sold to the mortgages trustee if the step-up date in respect of any notes issued by the issuer has occurred and the issuer has not exercised its option to redeem the notes

No sale of loans to the mortgages trustee may occur if, at the relevant sale date, the step-up date in respect of any class (or sub class) of notes has occurred and the issuer has not exercised its option to redeem the relevant class (or sub class) of notes at that date. If the minimum trust size is not maintained, then this could result in the occurrence of a non-asset trigger event. See "**The mortgage sale agreement—Sale of loans and their related security to the mortgages trustee**" for further details of the conditions loans are required to meet.

The mortgages trustee's entitlement to be indemnified for liabilities undertaken during the enforcement process may adversely affect the funds available to Funding 1 to pay amounts due under the intercompany loan agreement, which may in turn adversely affect the funds available to the issuer to make payments on the notes

In order to enforce a power of sale in respect of a mortgaged property, the relevant mortgagee or (in Scotland) heritable creditor (which may be the seller or the mortgages trustee) must first obtain possession of the mortgaged property unless the property is vacant. Possession is usually obtained by way of a court order although this can be a lengthy process and the mortgagee or heritable creditor must assume certain risks. The mortgages trustee is entitled to be indemnified to its satisfaction against personal liabilities which it could incur if it were to become a mortgagee or heritable creditor in possession before it is obliged to seek possession.

The enforcement of the issuer security may accelerate the repayment of certain notes and/or delay the repayment of other notes.

If the issuer security is enforced, then the issuer security trustee will distribute funds in the manner described in "Cashflows—Distribution of issuer principal receipts and issuer revenue receipts following note acceleration and intercompany loan acceleration". As a consequence, certain series and classes (or sub-classes) of notes may be repaid more rapidly than expected and other series and classes (or sub-classes) of notes may be repaid more slowly than expected and there is a risk that such notes may not be repaid by their final maturity date.

Principal payments on pass-through term advances and scheduled amortisation instalments are subject to certain rules

There will be circumstances in which payment of principal on the notes will be deferred in accordance with the rules described in "**Cashflows—Distribution of Funding 1 available principal receipts—Repayment of term advances before a trigger event and before intercompany loan acceleration or acceleration of all notes**". As a consequence, certain series and classes (or sub-classes) of notes may be repaid more slowly than expected and there is a risk that such notes may not be repaid by their final maturity date.

Risks in relation to the maturity purchase notes

The purchase arrangements for the maturity purchase notes provide that, in respect of the relevant transfer date, subject to certain conditions, an outstanding series and class (or sub-class) of applicable maturity purchase notes will be purchased by the maturity purchaser at the maturity purchase price for such notes in accordance with Condition 5.8 and the relevant maturity purchase deed. Investors should note that the maturity purchase price may be less than the principal amount outstanding on the relevant maturity purchase notes.

The applicable maturity purchaser is not obliged to purchase the applicable maturity purchase notes if a note event of default has occurred which is continuing on the transfer date.

Investors should consider carefully the risks posed if (a) a note event of default has occurred and is continuing on the transfer date or (b) the maturity purchaser defaults in its obligations to pay the maturity purchase price for the maturity purchase notes on the relevant transfer date. In such situations a noteholder may be unable to sell its maturity purchase notes on the relevant transfer date or at any other time (or, if it is able to sell such notes, the purchase price received by it may be less than the maturity purchase price for such notes). In addition, maturity purchase notes may be subject on any step-up date relating to such maturity purchase notes (which may occur on or after the expected maturity date) to a decrease in the margin which would have an adverse effect on the yield of such maturity purchase notes.

Investors should note that they will be reliant on the financial condition of the maturity purchaser as of the relevant transfer date to the extent the maturity purchaser is obliged to purchase the maturity purchase notes.

The purchase arrangements relating to the maturity purchase notes depend on the facilities of DTC, Euroclear and Clearstream, Luxembourg (as applicable). If definitive notes are issued in any circumstances described in this base prospectus, or if the relevant clearing system cease to offer the relevant mechanisms to enable the purchase of the relevant maturity purchase notes by the maturity purchaser as contemplated in Condition 5.8 and the relevant maturity purchase deed or if such mechanisms are disrupted, then the purchase arrangements established for the maturity purchase notes may no longer be able to be implemented and/or may be delayed as described in "**Overview of the notes—Maturity purchase notes**". Although the parties to the maturity purchase deed have agreed that in such circumstances they will make reasonable efforts to enter into alternative purchase arrangements, there can be no assurance that they will be able to do so, in which case the maturity purchaser may not be required to purchase the maturity purchase notes.

Risks associated with the Funding 1 swaps

Certain of the loans in the portfolio may pay a variable rate of interest for a period of time that may be linked to a variable base rate. Other loans pay a fixed rate of interest for a period of time.

To provide a hedge against the rates of interest payable on the BMR loans, SMR loans and fixed rate loans in the portfolio and the rate of interest payable by Funding 1 on the term advances, Funding 1 has entered into the Funding 1 swap agreement and the Funding 1 swaps. If Funding 1 fails to make timely payments under any Funding 1 swap, it will have defaulted under the Funding 1 swap agreement.

The Funding 1 swap provider is obliged only to make payments under the Funding 1 swap agreement if and for so long as Funding 1 makes payments under the same. If the Funding 1 swap provider does not make its payments or defaults in its obligation to make payments under the Funding 1 swap agreement or a Funding 1 swap otherwise terminates, Funding 1 will be exposed to the variance between the rates of interest payable on the BMR loans, SMR loans and fixed rate loans (as applicable) and the rates of interest payable by it under the term advances unless and until, (i) with respect to the Funding 1 swaps related to the standard variable mortgage rate loans only, the Servicer exercises its right (or is compelled following perfection of title) to set the rate on the standard variable mortgage rate loans at a rate higher than the rate on the term advances pursuant to the servicing agreement as described under "**The Servicing Agreement—Undertakings by the servicer**" or, (ii) a replacement Funding 1 swap is entered into. In the event that a Funding 1 swap related to standard variable mortgage rate loans is terminated by Funding 1 (which can only occur upon the occurrence of a perfection event as further described under "**The Mortgage Sale Agreement—Transfer of legal title to the mortgages trustee**"), Funding 1 is not obligated to enter into a replacement Funding 1 swap for such standard variable mortgage rate loans. If a Funding 1 swap terminates, Funding 1 may as a result be obliged to make a termination payment to the Funding 1 swap provider. Any variance between the rates of interest payable on the loans and the rates of interest payable by Funding 1 under the term advances and any termination payment payable by it to the Funding 1 swap provider may adversely affect the ability of Funding 1 to meet its obligations under the term advances.

There are also certain loans (referred to as **tracker rate loans**) linked to or tracking an interest rate other than the variable base rates described above relating to BMR loans and SMR loans, such as a rate that tracks a rate set by the Bank of England. These tracker rate loans are not hedged. Although this scenario has been taken into consideration when evaluating the required credit enhancement applicable to issuances of the notes, there is no guarantee that a variance between the rates of interest payable on the tracker rate loans and the rates of interest payable by Funding 1 under the term advances will not adversely affect the ability of Funding 1 to meet its obligations under the term advances.

Neither the seller share, nor any further funding company share of the trust property provide credit enhancement for your notes

Any losses from loans included in the trust property will be allocated *pro rata* to the funding companies and the seller in proportion to their respective shares in the trust property on each distribution date in accordance with the Funding 1 share percentage, the share percentage of any further funding companies and the seller share percentage of the trust property. Therefore, neither the seller share of the trust property nor the share of any further funding company of the trust property will provide credit enhancement for the Funding 1 share of the trust property, the term advances or the notes.

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

After enforcement of the Funding 1 security as a result of delivery of an intercompany loan acceleration notice under the intercompany loan agreement (as described in "**Security for Funding 1's obligations**"), the Funding 1 security trustee may, but shall not be obliged to, sell the Funding 1 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 under the intercompany loan agreement.

None of the issuer, Funding 1 or the mortgages trustee will have recourse to the seller, other than in respect of a breach of warranty under the mortgage sale agreement

The issuer, the mortgages trustee, Funding 1, the note trustee, the issuer security trustee and the Funding 1 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 made by the seller on any date on which loans are sold to the mortgages trustee is materially untrue as at that date then the seller will be required to remedy the breach within 20 London business 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 such 20 London business day period, then the seller will be required to repurchase the loan or loans and their related security on the distribution date immediately following the end of the trust calculation period in which such obligation to repurchase arose at their true balance as at the end of such trust calculation period. There can be no assurance that the seller will have the financial resources to repurchase the relevant loan or loans and its/their related security. However, if the seller does not repurchase those loans and their related security when required, then the seller share of the trust property will be deemed to be reduced by an amount equal to the true balance of those loans.

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

RISKS RELATING TO CHANGES TO THE STRUCTURE AND DOCUMENTS

The Funding 1 security trustee, the issuer security trustee and/or the note trustee may agree modifications to and/or waive or authorise any breach of the transaction documents without your prior consent, which may adversely affect your interests

As a consequence of the terms of the note trust deed, the issuer deed of charge and the Funding 1 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 issuer or any other person;
- direct the issuer security trustee to concur with the issuer or any other person; or
- direct the issuer security trustee to direct the Funding 1 security trustee to concur with Funding 1 or any other person,

in making any modification to any of the transaction documents or agreeing to the waiver or authorisation of any breach or proposed breach 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 or, waiver or authorisation will not be materially prejudicial to the interests of the holders of any series and class (or sub-class) of notes, (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 (c) such modification is expressly provided for in the transaction documents.

In the exercise of any of its powers, trusts, authorities and discretions under the note 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 rated notes with the highest rating or, following the payment in full of all amounts outstanding under the rated notes, the holders of the class Z notes.

The note trustee will be entitled to assume that the exercise of its discretions will not be materially prejudicial to your interests if, prior to any such exercise by the note trustee of its discretions, each of the rating agencies then rating the notes has confirmed in writing that the then current rating by it of such notes would not be subject to any reduction, qualification or withdrawal or otherwise adversely affected as a result of such exercise.

In addition, the note trustee, the Funding 1 security trustee and the issuer security trustee (as applicable) will give its consent to any modifications to the transaction documents or the entering by Funding 1 and/or the issuer into new transaction documents that are requested by Funding 1 or a cash manager, provided that Funding 1 or such cash manager certifies to the Funding 1 security trustee or, as applicable, the issuer security trustee in writing that such modifications are required in order to accommodate, among other things, the establishment of further funding companies and/or new issuers, the creation of new intercompany loan agreements, the issue of new notes by new issuers, the addition of relevant creditors, the making of new term advances by Funding 1, the sale of new types of loans to the mortgages trustee, changes to the Funding 1 reserve required amount or the Funding 1 liquidity reserve fund required amount and changes to the asset trigger events and non-asset trigger events.

Furthermore, following the redemption in full of all notes issued prior to 11 December 2014 or at any time if noteholders representing 100 per cent. of the outstanding principal balance of such notes issued prior to 11 December 2014 consent (save in the case of item (j) below, which shall apply on and from 6 February 2018), the note trustee shall be obliged, without any consent or sanction of the noteholders, or, in certain circumstances, any of the other issuer secured creditors or the Funding 1 secured creditors (as appropriate), to concur with the issuer, and to direct the issuer security trustee to concur with the issuer or any other person and shall direct the issuer security trustee to direct the Funding 1 security trustee to concur with Funding 1 and any other person, in making any modification (other than in respect of a basic terms modification) to the conditions or any other transaction document to which it is a party

or in relation to which it holds security, provided that the issuer has certified to the note trustee, the issuer security trustee and the Funding 1 security trustee (as appropriate), in writing that such modifications are required in order to (a) comply with, or implement or reflect, any change in the criteria of one or more of the rating agencies which may be applicable from time to time, (b) comply with any obligation applicable to the issuer or a swap provider under (i) European Regulation 648/2012 of 4 July 2012, as amended by Regulation (EU) 2019/834 of the European Parliament and of the Council of 20 May 2019 (**EU EMIR**); or (ii) EU EMIR as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018, as amended or supplemented from time to time (**UK EMIR**) and which accordingly are mandatory under UK EMIR, (c) (in relation to notes issued on or after the date of this base prospectus) comply with any changes in the requirements of (i) Section 15G of the Exchange Act as added by Section 941 of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (the **Dodd-Frank Act**), (ii) Regulation (EU) 2017/2401 as it forms part of UK domestic law by virtue of the EUWA (the **UK CRR Amendment Regulation**), or (iii) Article 6 of the UK Securitisation Regulation, Article 6 of the EU Securitisation Regulation and any other risk retention legislation or regulations or official guidance in relation thereto or for the purposes of compliance with the UK Securitisation Regulation and the EU Securitisation Regulation, including relating to the treatment of the notes as simple, transparent and standardised under the UK Securitisation Regulation, (d) enable the notes to be (or to remain) admitted to trading on the main market of the London Stock Exchange, (e) enable the issuer or any of the other parties to the transaction documents to comply with FATCA (or any voluntary agreement entered into with a taxing authority in relation thereto), (f) comply with the provisions of Rule 17g-5 of the Exchange Act, (g) comply with any changes in the requirements of the Credit Rating Agencies Regulation, including as a result of the adoption of Regulatory Technical Standards in relation to the Credit Rating Agencies Regulation or regulations or official guidance in relation thereto, (h) comply with the requirements of any law, regulation or official guidance introduced after 11 December 2014 relating to securitisation which establishes capital, liquidity or other regulatory treatment for securities or securitisations, (i) (provided that the issuer certifies that such modifications are not, in its opinion, materially prejudicial to noteholders) comply with the eligibility criteria of PCS required to obtain a PCS Label or (j) effect a base rate modification, in each case (other than as set out with respect to item (i) above), irrespective of whether such modifications are materially prejudicial to the interests of any noteholder or any other secured creditor. The noteholders and the other secured creditors shall be deemed to have instructed the note trustee to (which shall instruct the issuer security trustee to, and to instruct the Funding 1 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 secured creditors.

If noteholders representing at least 10 per cent. of the aggregate principal amount outstanding of the most senior class of notes then outstanding have notified the note trustee in writing (or otherwise in accordance with the then current practice of any applicable clearing system through which such notes may be held) within the notification period set out in Condition 11.8 that they do not consent to the modification, then such modification will not be made unless an extraordinary resolution of the noteholders of the most senior class of notes then outstanding is passed in favour of such modification in accordance with Condition 11.1.

The modifications required to give effect to such matters may include, among other matters, amendments to the provisions of the mortgages trust deed, the Funding 1 deed of charge or the issuer 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 your interests.

Holdings may establish further funding companies, which will be additional beneficiaries under the mortgages trust; conflicts of interest between beneficiaries

Holdings may in the future establish separate funding entities (each a **further funding company** and together with Funding 1 the **funding companies**), which may raise debt from time to time and use the proceeds thereof to acquire or increase shares in the trust property. However, any such acquisition of

or increase in shares in the trust property by a funding company will be subject to, among other things, obtaining prior written confirmation from S&P that the then current ratings of the rated notes outstanding at that time will not be withdrawn, downgraded or qualified as a result of such funding company acquiring or increasing its share of trust property and to the amendment of certain of the transaction documents described herein (and advance notice in writing of such funding company acquiring or increasing its share of trust property and/or the amendment of certain of the transaction documents has been provided to Moody's and Fitch and there being no reduction, qualification or withdrawal by Moody's or Fitch of the then current ratings of the rated notes as a consequence thereof) (provided that such confirmation from S&P shall not be required to the extent such rating agency does not maintain a rating of any notes which are outstanding).

As beneficiaries, the seller and the funding companies will each have a joint and undivided interest in the trust property but their entitlement to the proceeds from the trust property will be in proportion to their respective shares of the trust property. However, if any funding company besides Funding 1 has a cash accumulation requirement at a time when Funding 1 has no cash accumulation requirement, then such further funding company will receive principal receipts from the mortgages trustee in relation to such cash accumulation requirement in priority to Funding 1. In addition, if any funding company besides Funding 1 is in a cash accumulation period, this will affect the amount of principal receipts payable to Funding 1 and the ability of Funding 1 to repay pass-through term advances.

On each distribution date, the mortgages trustee will distribute revenue receipts and principal receipts to the beneficiaries, subject to the terms of the mortgages trust deed.

Where Funding 1 and any other beneficiary, acting together, or the Funding 1 security trustee and the security trustees (or equivalent) with respect to the further funding companies (together, the **funding security trustees**), acting together, provide or exercise directions, rights, powers, benefits and/or discretions (or their equivalent) to the mortgages trustee, the beneficiaries or the funding security trustees (as applicable) will provide or exercise such directions, rights, powers, benefits and/or discretions in accordance with the controlling beneficiary deed. Therefore, in circumstances where there is a conflict of interest, the directions of Funding 1 or the Funding 1 security trustee (acting on behalf of the secured creditors of Funding 1) may not prevail over the directions of the other beneficiaries or the other funding security trustees (acting on behalf of the relevant secured creditors), which may adversely affect your interests. For example, it is possible that the relevant funding security trustee in respect of a further funding company might decide, following the occurrence of an event of default, to enforce its security at a time when you would not want assets of the mortgages trust sold, e.g., if all notes issued by the issuer were performing normally.

If the intercompany loan (or any part thereof) is refinanced, your notes could be repaid early

Funding 1 may refinance some or all of the term advances through proceeds received from the issuer or a new issuer under further term advances. The issuer would fund such term advances through the issuance of a new series and classes (or sub-classes) of notes. For example, an existing term advance might be re-financed in order to provide the issuer with funds to redeem a class (or sub-class) of notes on or after its step-up date. If the proceeds of a refinanced term advance were used by the issuer to exercise an optional redemption of notes prior to their expected maturity, your notes could be repaid early. This, in turn, could have an adverse effect on the yield on your notes.

COUNTERPARTY RISKS

The issuer and Funding 1 are reliant on third parties in order to meet their secured obligations

The principal source of income for repayment of the notes by the issuer is the intercompany loan. The principal source of income for repayment by Funding 1 of the intercompany loan is its beneficial interest in the trust property (which includes the loans in the portfolio). If the timing and payment of the loans

in the portfolio is adversely affected by any of the risks described in this section, then the payments on the notes could be reduced or delayed.

Both Funding 1 and the issuer are, respectively, parties to contracts with third parties that have agreed to perform certain services for each of them in relation to the intercompany loan (in respect of Funding 1) and the notes (in respect of the issuer). For example, the Funding 1 swap provider has agreed and each issuer swap provider will be required to agree to provide certain interest rate and currency swaps (as applicable) to Funding 1 and the issuer, respectively; the Funding 1 corporate services provider and the issuer corporate services provider have also agreed to provide corporate services to each of Funding 1 and the issuer respectively; the agent bank and paying agents have agreed to provide payment and calculation services to the issuer in connection with each series of notes. In the event that any relevant third party were to fail to perform its obligations under the respective agreements to which it is a party, payments on your notes may be adversely affected.

To the extent that there are principal amounts outstanding on remarketable notes on any mandatory transfer date, the ability of the issuer to procure payment of the mandatory transfer price will be dependent upon the remarketing agent, as agent for the issuer, agreeing terms for the sale of the remarketable notes to third party purchasers on or prior to the relevant mandatory transfer date or exercising the issuer's rights under the conditional purchase agreement to require the conditional purchaser to acquire the remarketable notes. (See "**Certain events may affect the eligibility of any series or class of money market notes for investment by money market funds**").

Ratings confirmation in relation to the notes in respect of certain actions

The terms of certain transaction documents require (a) S&P to confirm that any action proposed to be taken by the mortgages trustee, the Funding 1 security trustee, the issuer security trustee, the note trustee, a funding company, the issuer or a new issuer will not have an adverse effect on the then current rating of the rated notes (provided that such confirmation from S&P shall not be required to the extent such rating agency does not maintain a rating of any notes which are outstanding) (a **ratings confirmation**) and (b) advance notice in writing of such proposed action be provided to Moody's and Fitch and there being no reduction, qualification or withdrawal by Moody's or Fitch of the then current ratings of the rated notes as a consequence thereof.

By acquiring the 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. A ratings confirmation from S&P that any action proposed to be taken by the mortgages trustee, the Funding 1 security trustee, the issuer security trustee, the note trustee, a funding company and/or the issuer and/or a new issuer will not have an adverse effect on the then current rating of the rated notes does not, for example, confirm that such action (i) is permitted by the terms of the transaction documents or (ii) is in the best interests of, or prejudicial to, you. While entitled to have regard to the fact that S&P has confirmed that the then current rating of the relevant class (or sub-class) of rated notes would not be adversely affected, each of the Funding 1 secured creditors and the issuer secured creditors (including the noteholders) has acknowledged and agreed in the transaction documents that the above does not impose or extend any actual or contingent liability on the rating agencies to the Funding 1 secured creditors or the issuer secured creditors (including the noteholders), the mortgages trustee, the Funding 1 security trustee, the issuer security trustee, the note trustee or any other person or create any legal relationship between the rating agencies and the Funding 1 secured creditors, the issuer secured creditors (including the noteholders), the mortgages trustee, the Funding 1 security trustee, the issuer security trustee, the note trustee or any other person whether by way of contract or otherwise.

Any such ratings confirmation from S&P may or may not be given at the sole discretion of S&P. 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 S&P cannot provide a ratings confirmation in the time available or at all, and S&P should not be responsible for the consequences thereof. A ratings confirmation from S&P in respect of a series and class (or sub-class) of rated notes,

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 programme since the relevant closing date. Any such ratings confirmation represents only a restatement of the opinions given as at a closing date and cannot be construed as advice for the benefit of any parties to the transaction.

The mortgages trustee account bank or the Funding 1 account bank may cease to satisfy certain criteria which may adversely affect the rate of interest receivable on the mortgages trustee GIC account, the Funding 1 GIC account or any other applicable Funding 1 GIC account

Each of the mortgages trustee account bank and the Funding 1 account bank is required to satisfy certain criteria (including certain criteria and/or permissions set out or required by the FCA from time to time) in order to continue to receive deposits in the mortgages trustee GIC account and the Funding 1 GIC account, respectively. If either the mortgages trustee account bank or the Funding 1 account bank ceases to satisfy those criteria (and, in the case of a failure to satisfy the mortgages trustee account bank required ratings or the Funding 1 account bank required ratings, as applicable, the relevant account bank does not take the actions described below under "**The mortgages trustee account bank and the Funding 1 account bank may continue to hold deposits when they cease to satisfy certain criteria**"), the relevant account would need to be transferred to another entity which does satisfy those criteria. In these circumstances, the new account bank provider may not offer an interest rate on deposits in the mortgages trustee GIC account or the Funding 1 GIC account on terms as favourable as those provided by the mortgages trustee account bank or the Funding 1 account bank, respectively.

The mortgages trustee account bank and the Funding 1 account bank may continue to hold deposits when they cease to satisfy certain criteria

If either the mortgages trustee account bank or the Funding 1 account bank ceases to satisfy the criteria described above under "**The mortgages trustee account bank or the Funding 1 account bank may cease to satisfy certain criteria which may adversely affect the rate of interest receivable on the mortgages trustee GIC account, the Funding 1 GIC account or any other applicable Funding 1 GIC account**" the relevant account would need to be transferred to another entity which does satisfy the relevant criteria or the mortgages trustee account bank or the Funding 1 account bank, as the case may be, may continue to hold, with respect to the mortgages trustee account bank, all amounts in the mortgages trustee GIC account or, with respect to the Funding 1 account bank, Funding 1 deposit non-reserved amounts in the Funding 1 collateralised GIC account; provided that, in each case, the mortgages trustee account bank or the Funding 1 account bank, as applicable, posts collateral against such deposits or makes a drawing on the class Z GIC collateral note pursuant to the transaction documents. Any amounts received by Funding 1 that do not constitute Funding 1 deposit non-reserved amounts must be deposited in a Funding 1 GIC account with an entity that satisfies the criteria described above under "**The mortgages trustee account bank or the Funding 1 account bank may cease to satisfy certain criteria which may adversely affect the rate of interest receivable on the mortgages trustee GIC account, the Funding 1 GIC account or any other applicable Funding 1 GIC account**". In addition, if the mortgages trustee account bank ceases to satisfy such criteria, the mortgages trustee must establish a standby mortgages trustee account bank with another entity which does satisfy such criteria. Although any collateral posted against amounts on deposit in the mortgages trustee GIC account or the Funding 1 collateralised GIC account is required to be in an amount greater than the amount on deposit in the relevant account, there is no guarantee that the value of such collateral when realised will be sufficient to cover losses on such account.

If at any time the mortgages trustee account bank or the Funding 1 account bank fails to satisfy certain criteria, the relevant account bank must transfer the relevant account to another entity which satisfies the criteria described above under "**The mortgages trustee account bank or the Funding 1 account bank may cease to satisfy certain criteria which may adversely affect the rate of interest receivable on the mortgages trustee GIC account, the Funding 1 GIC account or any other applicable Funding 1 GIC account**".

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

On the programme closing date, Nationwide was appointed by the mortgages trustee and Funding 1 as servicer to service the loans in the portfolio. If the servicer breaches the terms of the servicing agreement, then the mortgages trustee, Funding 1, any further funding company and/or the Funding 1 security trustee is entitled to terminate the appointment of the servicer and appoint a new servicer in its place.

If the long-term unsecured, unguaranteed and unsubordinated debt obligation rating of the servicer ceases to be at least Baa3 by Moody's, at least BBB- by S&P or ceases to be assigned a long-term "Issuer Default Rating" of at least BBB- by Fitch (provided that for S&P, such rating requirement shall not apply to the extent such rating agency does not maintain a rating of any notes which are outstanding), then the servicer is required within 60 days to use reasonable endeavours to appoint a back-up servicer satisfactory to the mortgages trustee, the beneficiaries and the Funding 1 security trustee (and failing the servicer's ability to find a back-up servicer, the Funding 1 security trustee will be entitled to appoint such back-up servicer).

There can be no assurance that a substitute servicer or third party servicer, as applicable, with sufficient experience of administering mortgages of residential properties would be found who would be willing and able to service the loans on the terms of the servicing agreement. In addition, as described below, any substitute servicer or third party servicer, as applicable, would be required to be authorised under the FSMA, as administering residential mortgage contracts is a regulated activity. The ability of a substitute servicer or third party servicer, as applicable, to perform fully 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 or third party servicer, as applicable, may affect payments on the loans and hence the issuer's ability to make payments when due on the notes.

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

ORIGINATOR RISKS

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

As noted above, Nationwide performs various roles in the programme, including as seller of loans to the mortgages trust, servicer of such loans, cash manager to Funding 1, the mortgages trustee and the issuer, the Funding 1 account bank, the mortgages trustee account bank, the issuer account bank, the Funding 1 swap provider and the issuer swap provider.

As a financial institution, Nationwide is subject to extensive financial services laws, regulations, administrative actions and policies in the United Kingdom and the European Union. The legislation, regulations and policies to which Nationwide is subject, in particular those relating to the financial services industry as further described below, may be changed at any time. In addition, the interpretation and the application of those laws and regulations by regulators is also subject to change.

Extensive legislation affecting the financial services industry has recently been adopted in regions that directly or indirectly affect Nationwide's business, including the United Kingdom, the European Union and other jurisdictions, and new laws and regulations are in the process of being implemented. The manner in which those laws and regulations are applied to the operations of financial institutions is still evolving.

During periods of market turmoil since the 2007-2008 global financial crisis, there have been increased levels of government and regulatory intervention and scrutiny, and changes to the laws and regulations governing financial institutions and their conduct of financial services business, intended to prevent future crises or otherwise assure the stability of institutions under their supervision. A stringent approach to supervision has been maintained by the UK Prudential Regulation Authority (the **PRA**) and the FCA.

Ongoing proposals and measures taken by governmental, tax and regulatory authorities and further future changes in law, regulation and supervisory policy in the United Kingdom which are beyond Nationwide's control, could materially affect Nationwide's business and the value of its assets, and result in significant increases in its operational costs. Products and services offered by Nationwide could also be affected.

Changes in United Kingdom legislation and regulation to address the stability of the financial sector may also affect the competitive position of United Kingdom banks and building societies, including Nationwide, particularly if such changes are implemented before international consensus is reached on key issues affecting the industry, for instance in relation to the FCA's and the PRA's rules on capital and liquidity risk management and also the UK Government's implementation of the bank levy. Although Nationwide works closely with its regulators and continually monitors the regulatory landscape, future changes in law, regulation and fiscal or other policies can be unpredictable and are beyond Nationwide's control.

Regulatory change is also taking place in respect of benchmarks. GBP and EUR LIBOR, as well as one-week and two-month USD LIBOR, generally ceased to be available for use after 31 December 2021, and other USD LIBOR tenors generally similarly ceased after 30 June 2023. It is not yet clear whether a form of synthetic LIBOR (in respect of any of the aforementioned currencies) will be published for limited use in what may be defined as "tough legacy" transactions. The interaction of different legal initiatives in several jurisdictions may cause some interpretative ambiguities and conflicts of law, and the lack of a legal or regulatory framework in the UK for the automatic transition of legacy contracts makes such transition more complex. Any such changes to, or replacement of benchmarks may cause contracts in which they are used to perform differently than in the past, or may have other consequential effects on any of Nationwide's rights and obligations which depend on such benchmarks and any fallbacks. In particular, the transition from GBP LIBOR to SONIA and the elimination of the LIBOR benchmark will require an adjustment to the terms of financial contracts to which Nationwide is a party which relate to LIBOR.

When LIBOR is replaced or ceases to exist (or if the methodology for calculating LIBOR or any successor benchmark rate changes for any reason), interest rates on Nationwide's floating rate obligations, loans, deposits, derivatives, and other financial instruments linked to LIBOR rates, as well as the revenue and expenses associated with those financial instruments, may be adversely affected. In addition, any uncertainty regarding the continued use and reliability of LIBOR as a benchmark interest rate could adversely affect the value of Nationwide's floating rate obligations, loans, deposits, derivatives, and other financial instruments linked to LIBOR rates. Key international regulatory initiatives relating to the reform of benchmarks include IOSCO's Principles for Financial Benchmarks (the **IOSCO Principles**), the EU Benchmarks Regulation and the UK Benchmarks Regulation. The IOSCO Principles aim to create an overarching framework of principles for benchmarks to be used in financial markets, specifically covering (among other things) governance and accountability as well as the quality, integrity and transparency of benchmark design, determination and methodologies. Subsequent implementation reviews have found that widespread efforts are being made to implement the IOSCO Benchmark Principles by the majority of administrators surveyed. However, the reviews also note that, as the "benchmarks industry" is in a state of flux, IOSCO may need to take further steps in the future – although it is not yet clear what these steps might be.

No assurance can be given as to the nature or timing of future changes to the regulatory regime, uncertainties surrounding the implementation of the current regulatory regime or potential

investigations or reviews in relation to the mortgage market in the United Kingdom generally or Nationwide's particular sector in that market. Any such action or developments may have a material adverse effect on Nationwide (in all of its various roles under the programme and in particular as seller of loans to the mortgages trust and servicer of such loans), the issuer, the mortgages trustee and/or Funding 1 and their respective businesses and operations and the impact of any such potential adverse effect is not quantifiable. This may adversely affect the issuer's ability to make payments in full when due on the notes. Additionally, Nationwide, as seller of loans to the mortgages trust, is obliged under certain circumstances to repurchase loans from the mortgages trustee. Should Nationwide be unable to repurchase loans when required or perform its other on-going obligations under the transactions described in this base prospectus, the performance on the notes may be adversely affected.

The Senior Managers and Certification Regime may have a substantial impact on Nationwide's business

The Senior Managers and Certification Regime (the **SM&CR**) came into force for deposit-takers on 7 March 2016 and is intended to govern the individual accountability and conduct of senior persons within UK banks, building societies, credit unions, PRA-designated investment firms and branches of overseas banks operating in the UK. The rules expanded to apply to insurance firms on 10 December 2018 and expanded to solo-regulated firms on 9 December 2019. The FCA and the PRA have now published the majority of the final rules and guidance on the SM&CR as applicable to Nationwide. Among other things, the SM&CR introduced: (i) requirements on financial institutions to allocate and map senior management responsibilities and reporting lines across all areas of the organisation's activities; (ii) a new senior persons regime governing the conduct of bank staff approved by the PRA and FCA to perform senior management functions (including certain non-executive directors); (iii) new rules requiring financial institutions to certify the on-going suitability of a wide range of staff performing certain functions; (iv) the extension of conduct rules (enforceable by PRA and/or FCA disciplinary action, including financial penalties and public censure) previously only applicable to Senior Managers and certified staff to all bank staff other than those undertaking purely ancillary functions; and (v) the introduction of a criminal offence for reckless misconduct by senior bank staff. Rules regarding regulatory references for Senior Managers and staff within the SM&CR also came into force from 7 March 2017.

On 30 March 2023, HM Treasury launched a call for evidence to inform potential future reforms on SM&CR. Also on 30 March 2023, the FCA and PRA launched a joint discussion paper on the effectiveness, scope, and proportionality of the SM&CR.

The SM&CR will continue to have a substantial impact on banks and building societies in the UK generally, including Nationwide. Nationwide could be exposed to additional risk or loss if it is unable to comply with additional requirements arising from the SM&CR or if doing so on an on-going basis imposes significant demands on the attention of management.

MACRO-ECONOMIC AND MARKET RISKS

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

The secondary market for mortgage-backed securities has in recent years 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 notes may not be able to sell or acquire credit protection on its notes readily, and market values of the 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 notes.

Ratings assigned to your notes may be qualified, downgraded or withdrawn after you purchase the notes, which may lower the market value of your notes

The ratings assigned by S&P and Fitch to each class or sub-class of rated notes address the likelihood of full and timely payment to noteholders of all payments of interest on each interest payment date under that class (or sub-class) of notes in accordance with the terms of the transaction documents and the conditions of the notes. The ratings also address the likelihood of "ultimate" payment of principal by the final maturity date of each class (or sub-class) of rated notes. The ratings assigned by Moody's to each class (or sub-class) of 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 rated notes of a series on the relevant closing date will be set out in the applicable final terms for such notes (or, in the case of exempt notes, the applicable pricing supplement). Any rating agency may lower, qualify or withdraw its rating if, in the sole judgment of the rating agency, the credit quality of the rated notes has declined or is in question. If any rating assigned to the rated notes is lowered, qualified or withdrawn, the market value of the 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 rated notes will not affect the relevant term advance ratings (to the extent applicable) assigned to each relevant term advance under the intercompany loan.

The relationship of the UK with the EEA may affect the market value and/or liquidity of the notes in the secondary market

The UK left the European Union (**EU**) on 31 January 2020 at 11pm, and the transition period has ended on 31 December 2020 at 11pm. As a result, the Treaty on the European Union and the Treaty on the Functioning of the European Union have ceased to apply to the UK. The UK is also no longer part of the EEA.

The EU-UK Trade and Cooperation Agreement (the **Trade and Cooperation Agreement**), which governs the relations between the EU and the UK following the end of the transition period and which had provisional application pending completion of ratification procedures, entered into force on 1 May 2021. The Trade and Cooperation Agreement does not create a detailed framework to govern the cross-border provision of regulated financial services from the UK into the EU and from the EU into the UK.

The European Union (Withdrawal) Act 2018 (as amended by the European Union (Withdrawal Agreement) Act 2020) and secondary legislation made under powers provided in this Act ensure that there is a functioning statute book in the UK. While the UK introduced a temporary permission regime to allow EEA firms to continue to do business in the UK for a limited period of time, once the passporting regime fell away, the majority of EEA states have not introduced similar transitional regimes. The Trade and Cooperation Agreement is only part of the overall package of agreements reached. Other supplementing agreements included a series of joint declarations on a range of important issues where further cooperation is foreseen, including financial services. The declarations state that the EU and the UK will discuss how to move forward with equivalence determinations in relation to financial services. 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.

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 issuer and Funding 1, the relevant transaction parties and 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 to which Nationwide is subject and also therefore its financing availability and terms. Consequently, no assurance can be given that Nationwide's operating results, financial condition and prospects would not be adversely impacted as a result.

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

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

Whilst central bank schemes such as the Bank of England's 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 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 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. No assurance is given 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 notes cannot meet the central bank eligibility, it may impact on the liquidity of the notes and could have an adverse effect on their value.

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

Increases in the Bank of England base rate and/or other applicable variable rates may result in borrowers with a loan subject to a variable rate of interest or with a loan for which the related interest rate adjusts following an initial fixed rate or low introductory rate, as applicable, being exposed to increased monthly payments as and when the related mortgage interest rate adjusts upward (or, in the case of a loan with an initial fixed rate or low introductory rate, at the end of the relevant fixed or introductory period). This increase in borrowers' monthly payments, which (in the case of a loan with an initial fixed rate or low introductory rate) may be compounded by any further increase in the related mortgage interest rate during the relevant fixed or introductory period, ultimately may result in higher delinquency rates and losses in the future.

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

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

Interest rates and indices which are deemed to be "benchmarks" (such as the Euro Interbank Offered Rate (**EURIBOR**)) are the subject of national and international regulatory guidance and proposals for reform. Some of these reforms are already effective whilst others are still to be implemented. These reforms may cause such benchmarks to perform differently than in the past, to disappear entirely, or have other consequences which cannot be predicted. Any such consequence could have a material adverse effect on any notes referencing such a benchmark.

The EU Benchmarks Regulation applies from 1 January 2018 in general, subject to certain transitional provisions. Certain requirements of the EU Benchmark Regulation apply with respect to the provision of a wide range of benchmarks, the contribution of input data to a benchmark and the use of a benchmark within the European Union. In particular, the EU Benchmarks Regulation, among other things, (i) requires benchmark administrators to be authorised or registered (or, if non-EU-based, to be subject to an equivalent regime or otherwise recognised or endorsed) and to comply with extensive requirements in relation to the administration of benchmarks and (ii) prevents certain uses by EU-supervised entities of benchmarks of administrators that are not authorised or registered (or, if non-EU-based, deemed equivalent or recognised or endorsed). The UK Benchmarks Regulation among other things, applies to the provision of benchmarks and the use of a benchmark in the UK. Similarly, it prohibits the use in the UK by UK supervised entities of benchmarks of administrators that are not authorised by the FCA or registered on the FCA register (or, if non-UK based, not deemed equivalent or recognised or endorsed).

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

More broadly, any of the international or national reforms, or the general increased regulatory scrutiny of benchmarks, could increase the costs and risks of administering or otherwise participating in the setting of a benchmark and complying with any such regulations or requirements.

Investors should be aware that the sustainability of LIBOR has been questioned as a result of the absence of relevant active underlying markets and possible disincentives (including possibly as a result of benchmark reforms) for market participants to continue contributing to such benchmarks. The FCA has indicated through a series of announcements that the continuation of LIBOR on the current basis cannot and will not be guaranteed after 2021. On 5 March 2021, ICE Benchmark Administration Limited (IBA), the administrator of LIBOR, published a statement confirming its intention to cease publication of all LIBOR settings, together with the dates on which this will occur, subject to the FCA exercising its powers to require IBA to continue publishing such LIBOR settings using a changed methodology (the **IBA announcement**). Concurrently, the FCA published a statement on the future cessation and loss of representativeness of all LIBOR currencies and tenors, following the dates on which IBA has indicated it will cease publication (the **FCA announcement**). Permanent cessation will occur immediately after 31 December 2021 for all Euro and Swiss Franc LIBOR tenors and certain Sterling, Japanese Yen and US Dollar LIBOR settings and immediately after 30 June 2023 for certain other US Dollar LIBOR settings. In relation to the remaining LIBOR settings (1-month, 3-month and 6-month Sterling, US Dollar and Japanese Yen LIBOR settings), the FCA will consult on, or continue to consider the case for, using its powers to require IBA to continue their publication under a changed methodology for a further period after end-2021 (end-June 2023 in the case of US Dollar LIBOR). The FCA announcement states that consequently, these LIBOR settings will no longer be representative of the underlying market that such settings are intended to measure immediately after 31 December 2021, in the case of the Sterling and Japanese Yen LIBOR settings and immediately after 30 June 2023, in the

case of the US Dollar LIBOR settings. Any continued publication of the Japanese Yen LIBOR settings will also cease permanently at the end of 2022..

Investors should be aware that the euro risk free-rate working group for the euro area has published a set of guiding principles and high level recommendations for fallback provisions in, amongst other things, new euro denominated cash products (including bonds) referencing EURIBOR. The guiding principles indicate, among other things, that continuing to reference EURIBOR in relevant contracts (without robust fallback provisions) may increase the risk to the euro area financial system. On 11 May 2021, the euro risk-free rate working group published its recommendations on EURIBOR fallback trigger events and fallback rates.

Such factors may have (without limitation) the following effects on certain benchmarks: (i) discouraging market participants from continuing to administer or contribute to a benchmark; (ii) triggering changes in the rules or methodologies used in the benchmark and/or (iii) leading to the disappearance of the benchmark. Any of the above changes or any other consequential changes as a result of international or national reforms or other initiatives or investigations, could have a material adverse effect on the value of and return on any notes linked to, referencing, or otherwise dependent (in whole or in part) upon, a benchmark.

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

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

- if EURIBOR or any other relevant interest rate benchmark is discontinued or is otherwise unavailable, 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 4 of the terms and conditions of the notes, although such provisions, being dependent in part upon the provision by reference banks of offered quotations for leading banks (in the Euro-zone interbank market in the case of EURIBOR), may not operate as intended (depending on market circumstances and the availability of rates information at the relevant time) and may in certain circumstances result in the effective application of a fixed rate based on the rate which applied in the previous period when EURIBOR was available;

- while an amendment may be made under Condition 11.8(i) of the terms and conditions of the notes to change the base rate on the floating rate notes from EURIBOR to an alternative base rate under certain circumstances broadly related to EURIBOR dysfunction or discontinuation and subject to certain conditions being satisfied, 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

- if EURIBOR or any other relevant interest rate benchmark is discontinued, and whether or not an amendment is made under condition 11.8(i) to change the base rate with respect to the floating rate notes as described 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 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 loans, the notes and/or 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 issuer to meet its payment obligations in respect of the notes.

Moreover, any of the above matters (including an amendment to change the base rate as described above or any other significant change to the setting or existence of EURIBOR or any other relevant interest rate benchmark could affect the ability of the issuer to meet its obligations under the notes and/or could have a material adverse effect on the value or liquidity of, and the amount payable under, the notes. Changes in the manner of administration of EURIBOR or any other relevant interest rate benchmark could result in adjustment to the terms and conditions of the notes, 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 EURIBOR or any other relevant interest rate benchmark and/or that such benchmarks will continue to exist. Investors should consider these matters when making their investment decision with respect to the notes.

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

The 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 notes identifies that the rate of interest for such 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 interbank offered rates, such as EURIBOR, in a number of material respects, including (without limitation) that such rates are backwards-looking, risk-free overnight rates, whereas interbank offered rates 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 notes issued under the programme described in this base prospectus compared to interbank offered rates. 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 bonds 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 interbank offered rates, such as EURIBOR. 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 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 notes and used in relation to floating rate notes that reference an overnight rate issued under this base prospectus. In this respect, the Bank of England released a discussion paper in February 2020 entitled "*Supporting Risk-Free Rate transition through the provision of compounded SONIA*" pursuant to which the Bank of England stated its intention to publish a daily SONIA compounded index and its consideration whether to publish a set of compounded SONIA period averages, an approach similar to that already taken by the Federal Reserve Bank of New York in respect of SOFR. In February 2020, the Federal Reserve Bank of New York, announced that it would publish 30-day, 90-day, and 180-day SOFR averages as well as a SOFR index from March 2020 in order to support a successful transition from USD LIBOR. There is no guarantee that the Bank of England and/or the Federal Reserve Bank of New York will not withdraw, modify or amend any published SONIA index and/or SOFR averages or index data, or that such index

or averages will be widely used in the marketplace. This means that a screen rate based on an observable publicly available average rate or index may evolve over time but there is no guarantee of this.

Interest on any series or class of 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 notes, the rate of interest payable shall be determined on the date the notes became due and payable and shall not be reset thereafter. In addition, the manner of adoption or application of 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 notes referencing such overnight reference rates. Investors should consider these matters when making their investment decision with respect to any such floating rate notes.

Restrictions on transfers of the notes; lack of liquidity

Each issue of a new series and class (or sub-class) of notes will be a new issue of securities for which there will initially be no market. Furthermore, neither the issuer nor the arranger intends to create a market for the notes. Accordingly, no assurance can be given as to the development or liquidity of any market for the notes. Because of the restrictions on transfers of the notes, investors must be able to bear the risks of their investment in the notes for an indefinite period of time.

Retention of some or all of one or more classes or series of notes by the Nationwide or an affiliate of Nationwide may reduce the liquidity of the notes

Some or all of one or more classes or series of notes may be retained by Nationwide or an affiliate of Nationwide, subject to terms applicable to such retained notes at the time of issuance. Some or all of such retained notes may be subsequently sold from time to time in the secondary market (either through reverse enquiries, private placements or otherwise). The terms applicable to such retained notes on issuance may not reflect the market value of such notes, and such terms may be amended prior to any sale of all or part of such notes in the secondary market. For so long as Nationwide is the sole holder of all notes in a particular class or series of such retained notes, Nationwide may exercise all voting rights applicable to such class or series of notes, and Nationwide may elect in its sole discretion to amend the terms and/or redeem in full or in part such retained notes from time to time. Accordingly, the market for such retained notes may be less liquid than would otherwise be the case. In addition, if any retained notes are subsequently sold in the secondary market, demand and market price for notes already in the market could be adversely affected and the voting power of the noteholders of outstanding notes may be diluted.

Continuing market volatility may accelerate the repayment of certain notes and/or delay the repayment of other notes

Although loan origination levels have improved since the market volatility and associated liquidity constraints that began in the summer of 2007 there is no guarantee that the rate at which the seller originates loans will remain the same or increase. If the rate at which loans are originated declines significantly, then the risk of a non-asset trigger event occurring increases. If a non-asset trigger event occurs, this may cause certain series and classes (or sub-classes) of notes to be repaid more rapidly than expected and other series and classes (or sub-classes) of notes to be repaid more slowly than expected (with the result that such notes may not be paid in full by their final maturity date). See also, "**The occurrence of a non-asset trigger event may accelerate the repayment of certain notes and/or delay the repayment of other notes**".

Credit ratings assigned to the notes may not reflect all the risks associated with an investment in the notes

One or more independent credit rating agencies may assign credit ratings to the notes. The ratings may not reflect the potential impact of all risks related to structure, market and other factors that may affect the value of the notes. A credit rating is not a recommendation to buy, sell or hold securities and may be revised, suspended or withdrawn by the rating agency at any time.

In general, European regulated investors are restricted under the EU CRA Regulation from using credit ratings 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 (and such registration has not been withdrawn or suspended, subject to transitional provisions that apply in certain circumstances). Such general restriction will also apply in the case of credit ratings issued by third country non-EEA credit rating agencies, unless the relevant credit ratings are endorsed by an EEA-registered credit rating agency or the relevant third country 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 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 rating agency included in such list, as there may be delays between certain supervisory measures being taken against a relevant rating agency and the publication of the updated ESMA list.

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 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 the UK CRA Regulation. Note this is subject, in each case, to (a) the relevant UK registration, certification or endorsement, as the case may be, not having been withdrawn or suspended, and (b) transitional provisions that apply in certain circumstances.

If the status of the rating agency rating the 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 notes may have a different regulatory treatment, which may impact the value of the notes and their liquidity in the secondary market. Certain information with respect to the credit rating agencies and ratings is set out on the cover of this base prospectus.

The issuance of unsolicited ratings on your notes could adversely affect the market value of your notes and/or liquidity of your notes

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

The issuer intends to engage at least one of Moody's, Fitch and/or S&P to rate each series of notes. There can be no assurance that, were the issuer to select other rating agencies to rate the notes, the ratings that such rating agencies would have ultimately assigned to such notes would be equivalent to those assigned by Moody's, Fitch and/or S&P, as applicable. Neither the issuer nor any other person or

entity will have any duty to notify you if any other nationally recognised statistical rating organisation issues, or delivers notice of its intention to issue, unsolicited ratings on one or more classes of the notes after the relevant closing date.

Absence of secondary market

No assurance is provided that there is an active and liquid secondary market for the notes, and no assurance is provided that a secondary market for the notes will develop. None of the notes has been, or will be, registered under the Securities Act or any other applicable securities laws and they are subject to certain restrictions on the resale and other transfer thereof as described in "**Subscription and sale**" and "**Transfer restrictions and investor representations**". To the extent that a secondary market exists or develops, it may not continue for the life of the notes or it may not provide noteholders with liquidity of investment with the result that a noteholder may not be able to find a buyer to buy its notes readily or at prices that will enable the noteholder to realise a desired yield. Consequently, a noteholder must be able to bear the economic risk of an investment in a note for an indefinite period of time.

Certain events may affect the eligibility of any series or class of money market notes for investment by money market funds

A class (or sub-class) of notes of any series may be designated in the applicable final terms (or, in the case of exempt notes, the applicable pricing supplement) as money market notes and, if so designated, will be "Eligible Securities" within the meaning of Rule 2a-7 under the Investment Company Act. However, under Rule 2a-7, a money market fund may be required to dispose of such money market notes upon the occurrence of any of the following events:

- the rating then assigned to such money market notes is lowered or withdrawn;
- a material default occurs with respect to such money market notes;
- the money market fund determines that such money market notes no longer present minimal credit risk;
- upon certain events of insolvency with respect to the issuer; or
- such money market notes otherwise cease to meet the eligibility criteria under Rule 2a-7.

Where the issuer has entered into a money market note purchase agreement or remarketing agreement in respect of a series and class of money market notes, the eligibility of the notes for investment by money market funds will be dependent upon timely receipt of proceeds from the money market note purchaser, remarketing agent or conditional purchaser.

If any money market notes are designated in the applicable final terms (or, in the case of exempt notes, the applicable pricing supplement) as remarketable notes, the ability of the issuer to procure payment of the mandatory transfer price with respect to such notes will be dependent upon the remarketing agent, as agent for the issuer, either (a) agreeing terms for the sale of such remarketable notes to third party purchasers on or prior to the relevant mandatory transfer date and obtaining the required part of the mandatory transfer price from those third party investors or (b) exercising the issuer's rights under the conditional purchase agreement to require the conditional purchaser to acquire the remarketable notes. After the occurrence of a mandatory transfer termination event, the remarketable notes will no longer be subject to any mandatory transfer.

There can be no assurance that the remarketing agent will be able to identify purchasers interested in acquiring the remarketable notes on the relevant mandatory transfer date. The conditional purchaser may not have sufficient funds on or before the relevant mandatory transfer date to satisfy its obligations to purchase the remarketable notes under the conditional purchase agreement. If the conditional

purchaser defaults upon its obligation to pay the amounts otherwise due under the conditional purchase agreement on the relevant mandatory transfer date, the issuer may not be able to procure the purchase of all or any of the remarketable notes on any mandatory transfer date.

You may be subject to exchange rate risks on any series of notes that are not denominated in sterling

Investors will pay for the U.S. dollar notes in U.S. dollars, for the euro notes in euro and for notes issued in any other currency in such other currency as such notes are denominated in, but the term advances to be made by the issuer to Funding 1 and repayments of principal and payments of interest by Funding 1 under the intercompany loan will be in sterling.

To hedge the issuer's currency exchange rate exposure, including the interest rate exposure connected with that currency exposure, the issuer may enter into an issuer dollar currency swap, an issuer euro currency swap or into another applicable issuer currency swap for the applicable series of notes. See "**The swap agreements—The issuer swaps—The issuer currency swaps**".

If the issuer fails to make timely payments of amounts due under an issuer currency swap, then the issuer will have defaulted under that issuer currency swap. Each issuer currency swap provider is obliged only to make payments under an issuer currency swap if and for so long as the issuer makes payments under the same. If an issuer currency swap provider is not obliged to make payments, or if it defaults in its obligations to make payments of amounts in the relevant currency, equal to the full amount to be paid by it on the payment dates under the relevant issuer currency swap (which are the same dates as the interest payment dates in respect of the corresponding notes), the issuer will be exposed to changes in the relevant currency exchange rate, in the associated interest rates on that currency. Unless a replacement issuer currency swap is entered into, the issuer may have insufficient funds to make payments due in the relevant currency on not only the corresponding notes but also on the notes of any class (or sub-class) and any series that are then outstanding.

LEGAL AND REGULATORY 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.

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.

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 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 EU Risk Retention Requirements for so long as there is no equivalence regime with the UK Risk Retention Requirements.

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 equivalence regime or similar analogous concept), the seller (as originator) will undertake to the issuer (an **EU Securitisation Regulation Undertaking**) to procure the publication of:

(i) 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;

(ii) 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

(iii) 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.

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.

In this respect, investors should note that the EBA report on developing a specific framework for sustainable securitisation published on 2 March 2022, the report by the Joint Committee of the European Supervisory Authorities, published in May 2021 on the implementation and functioning of the EU Securitisation Regulation, a standalone opinion on the jurisdictional scope of application of the EU Securitisation Regulation published in March 2021, the report of the European Commission on the functioning of the EU securitisation framework published on 10 October 2022 (outlining inter alia a number of areas where legislative changes may be introduced in due course). The currently applicable UK Securitisation Regulation will be revoked and replaced in due course with the legislative reforms introduced as the "Edinburgh Reforms" of UK financial services unveiled on 9 December 2022 and the UK post-Brexit move to "A Smarter Regulatory Framework for financial services" through the Financial Services and Markets Act 2020 regime, as amended by the Financial Services Markets Act 2023 FSMA) and related thereto (i) statutory instrument on the Securitisation Regulations 2023 published by HM Treasury as the near final draft in July 2023 (**2023 UK SR SI**); (ii) as well as the Prudential Regulation Authority (**PRA**) and the Financial Conduct Authority (**FCA**) consultations published in the summer 2023, including the FCA consultation addendum of October 2023, (**PRA/FCA 2023 Consultations**) on the exercise of their rulemaking powers and the draft amendments to their rulebooks which (together with the FSMA and the 2023 UK SR SI) recast (with various changes that result in further divergence from the EU Securitisation Regulation) currently applicable UK Securitisation Regulation requirements. It should be noted that the implementation of the UK Securitisation Regulation reforms is a protracted process and will be introduced in phases. It is expected that in this phase one the proposed amendments will be finalised and become applicable in Q2 2024 and it is also expected that, in Q3/Q4 2024, there will be a phase two to the reforms whereby the UK government, the PRA and the FCA will consult on further changes including, but not limited to, the recast of the transparency and reporting requirements. Note that these reforms will impact on new securitisations closed after the relevant date of application and they also have potential implications for securitisations in-scope of the UK Securitisation Regulation that closed prior to such date, although the exact operation of any transitional or grandfathering provisions is yet to be confirmed. Therefore, at this stage, the timing and all of the details for the implementation of these 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 this year and beyond. Please note that some divergence between EU and UK regimes exists already. While the UK Securitisation Regulation reforms published in the summer 2023 propose 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 notes**".

Accordingly, whilst the seller may (at its discretion), in respect of any series of 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.

Simple, Transparent and Standardised Securitisations (STS)

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

Nationwide, 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 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 notes at the time of such issuance. Accordingly, notes 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. In the event that the originator makes a UK STS notification with respect to a series of notes, no assurance can be given that such series of 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**).

Failure by an investor to comply with any due diligence requirements applicable to it will result in various penalties, including, in the case of those investors subject to regulatory capital requirements, the imposition of a penal capital charge on the notes acquired by the relevant investor.

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 (the **STS Verification**), 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 STS Verification, the **UK STS verification**) from a third party verification agent registered 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.

The UK STS status of any series of notes is not static and investors should verify the current status on the FCA STS register website, which will be updated where the notes are no longer considered to be UK STS following a decision of the FCA or of another relevant UK regulator or a notification by the seller.

The UK STS securitisation designation is not an opinion on the creditworthiness of the relevant notes nor on the level of risk associated with an investment in the relevant notes. It is not an indication of the suitability of the relevant notes for any investor and/or a recommendation to buy, sell or hold notes. Institutional investors that are subject to the due diligence requirements of the UK Securitisation Regulation need to make their own independent assessment and may not solely rely on any UK STS verification, the UK STS notification or other disclosed information.

No assurances can be provided that the securitisation transaction described in this base prospectus and applicable final terms does or continues to qualify as a UK STS securitisation under the UK Securitisation Regulation. The relevant institutional investors are required to make their own assessment with regard to compliance of the securitisation with the UK STS requirements and such investors should be aware that non-compliance with the UK STS requirements and the change in the UK STS status of the notes may result in the loss of better regulatory treatment of the notes under the applicable UK regulatory regime(s), including in the case of prudential regulation, higher capital charges being applied to the notes and may have a negative effect on the price and liquidity of the notes in the secondary market. In addition, non-compliance may result in various sanctions and/or remedial measures being imposed on the relevant transaction parties, including the issuer and the seller, which may have an impact on the availability of funds to pay the notes.

EU STS eligibility

For the avoidance of doubt, a UK STS designation in respect of any existing or new series of notes does not meet, as at the date of this base prospectus, the EU STS requirements (primarily due to jurisdictional requirements following the UK 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, 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 notes. As at the date of this base prospectus, the 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 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 notes.

Changes of law may adversely affect your interests

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

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 Banking Act 2009, as amended (the **Banking Act**), includes provision for a special resolution regime pursuant to which specified UK authorities have extended tools to deal with the failure (or likely failure) of certain incorporated entities, including authorised deposit-taking institutions, investment firms and branches of third-country financial institutions, and powers to take certain resolution actions in respect of third country institutions. In addition, powers may be used in certain circumstances in respect of UK established banking group companies, where such companies are in the same group as a relevant UK or third country institution. The relevant transaction entities for these purposes include the seller, the servicer, the cash manager, the issuer cash manager, the agent bank, the principal paying agent, the Funding 1 swap provider and the issuer swap providers. The tools available under the Banking Act include (a) private sector transfer of all or part of the business or shares of the relevant entity; (b) transfer of all or part of the business of the relevant entity to a "bridge bank" established by the Bank of England; (c) transfer to an asset management vehicle wholly or partly owned by HM Treasury or the Bank of England; (d) the bail-in tool and (e) temporary public ownership (nationalisation). The Banking Act also provides for special insolvency procedures which may be commenced by the UK authorities (i.e. bank insolvency and bank administration procedures). In respect of UK building societies, the relevant tools are modified as follows: (i) modified powers to transfer all the property of the society to a company involving the conversion of the building society into a company and also including cancellation of shares and conferring rights and liabilities in place of such shares, (ii) the public ownership tool may involve (amongst other things) arranging for existing deferred shares in a building society to be publicly owned or for new deferred shares to be issued to HM Treasury on the building society's behalf, cancellation of private membership rights and the eventual winding up or dissolution of the building society and (iii) exercise of the bail-in tool may be immediately preceded by the demutualisation of the building society. It is possible that the tools described above could be used prior to the point at which an application for insolvency proceedings with respect to a relevant entity could be made and, in certain circumstances, the UK authorities may exercise broad pre-resolution powers in respect of relevant entities with a view to removing impediments to the exercise of the stabilisation tools. If the issuer was regarded to be a banking group company and no exclusion applies, it would be possible for the relevant authority to exercise one or more relevant stabilisation tools in respect of it. This could result in reduced amounts being available to make payments in respect of the notes. However, it should be noted that the UK authorities have provided a safeguard for certain securitisation companies. The safeguard provides that partial property transfers may not interfere with the operation of securitisation companies. This exclusion is expected to extend to the issuer, although aspects of the relevant provisions are not entirely clear.

In general, the Banking Act requires the UK authorities to have regard to seven specified objectives in exercising the powers provided for by the Act. One of the objectives (which is required to be balanced as appropriate with the other specified objectives) refers to the protection and enhancement of the stability of the financial system of the United Kingdom. The Banking Act includes provisions related

to compensation in respect of instruments and orders made under it. The authorities are also empowered by order to amend the law for the purpose of enabling the powers under the special resolution regime to be used effectively. An order may make provision which has retrospective effect if this is necessary or desirable for giving effect to a particular exercise of a power under the Banking Act. In general, there is considerable uncertainty about the scope of the powers afforded to authorities under the Banking Act and how the authorities may choose to exercise them.

If an instrument or order were to be made under the provisions of the Banking Act currently in force in respect of the seller, the servicer, the cash manager, the issuer cash manager, the agent bank, the principal paying agent, the Funding 1 swap provider or the issuer swap providers, such action may (amongst other things) affect the ability of such entities to satisfy their obligations under the transaction documents and/or result in the cancellation, modification or conversion of certain unsecured liabilities of such entity under the Transaction Documents or in other modifications to such documents. In particular, modifications may be made pursuant to powers permitting (i) certain trust arrangements to be removed or modified, (ii) contractual arrangements between relevant entities and other parties to be removed, modified or created where considered necessary to enable a transferee in the context of a property or share transfer to operate the transferred business effectively and (iii) in connection with the modification of an unsecured liability through use of the bail-in tool, the discharge of a relevant entity from further performance of its obligations under a contract. In addition, subject to certain conditions, powers would apply to require a relevant instrument or order (and related events) to be disregarded in determining whether certain widely defined "default events" have occurred (which events may include trigger events included in the transaction documents in respect of the relevant entity, including termination events and (in the case of the seller) trigger events in respect of perfection of legal title to the Mortgage 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 the seller, the servicer, the cash manager, the issuer cash manager, the agent bank, the principal paying agent, the Funding 1 swap provider or the issuer swap providers may affect the ability of the issuer to meet its obligations in respect of the notes.

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

European Market Infrastructure Regulation

The derivatives markets are subject to extensive and recently implemented regulation in a number of jurisdictions, including in the UK pursuant to UK EMIR, in Europe pursuant to EU EMIR and in the U.S. under the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010. UK EMIR provides for certain regulatory requirements for counterparties to OTC derivatives contracts, including (i) a mandatory clearing obligation for certain classes of OTC derivatives contracts (the **Clearing Obligation**), (ii) a collateral exchange obligation for OTC derivatives contracts not subject to clearing (the **Collateral Obligation**), (iii) daily valuation and other risk-mitigation techniques for OTC derivatives contracts not subject to clearing, and (iv) certain reporting and record-keeping requirements.

Under UK EMIR, counterparties can be classified as: (i) financial counterparties (**FCs**) (which includes a sub-category of small FCs (**SFCs**)), and (ii) non-financial counterparties (**NFCs**). The category of "NFC" is further split into: (i) non-financial counterparties above the "clearing threshold" (**NFC+s**), and (ii) non-financial counterparties below the "clearing threshold" (**NFC-s**). Whereas FCs and NFC+

entities may be subject to the Clearing Obligation or, to the extent that the relevant swaps are not subject to clearing, to the collateral exchange obligation and the daily valuation obligation under the Risk Mitigation Requirements, such obligations do not apply in respect of NFC- entities.

Funding 1 and the issuer are both currently categorised as NFC-, and as a result neither the Clearing Obligation nor the Collateral Obligation apply to them (although a change in its position cannot be ruled out). If either of Funding 1 or the issuer's counterparty status changes to NFC+ or FC then certain OTC derivatives contracts that are entered into by Funding 1 or the issuer (as applicable) may become subject to the Clearing Obligation or the Collateral Obligation. In this regard, it should be noted that it is not clear that any of the Funding 1 swaps or the issuer swaps would be a relevant type of OTC derivative contract that would be subject to the Clearing Obligation under UK EMIR.

Notwithstanding the qualifications on application described above, the position of any of the Funding 1 swaps or the issuer swaps under each of the Clearing Obligation and Collateral Obligation is not entirely clear and may be affected by further measures, regulatory guidance and/or by any inability to rely on an exemption for any reason.

If the classification of Funding 1 or the issuer changes and, to the extent relevant, one or more of the Funding 1 swaps or the issuer swaps (respectively) is regarded to be in-scope, then a Funding 1 swap or issuer swap entered into or materially amended on or after the relevant application date may become subject to the Clearing Obligation or (more likely) to the Collateral Obligation. Prospective investors should note that there is some uncertainty with respect to the ability of each of Funding 1 and the issuer to comply with these obligations if applicable, which may (i) lead to regulatory sanctions, (ii) adversely affect the ability of the Funding 1 or the issuer to continue to be party to a Funding 1 swap or issuer swap (possibly resulting in a restructuring or termination of the swap) or to enter into Funding 1 swaps or issuer swaps and/or (iii) significantly increase the cost of such arrangements, thereby negatively affecting the ability of Funding 1 or the issuer to hedge certain risks. As a result, the amounts available to Funding 1 and/or the issuer to meet its obligations may be reduced, which may in turn result in investors' receiving less interest or principal than expected.

In respect of UK EMIR, it should also be noted that, given the intention to seek the UK STS designation for the notes, should the status of the issuer and/or Funding 1 change to NFC+ or FC, another exemption from the Clearing Obligation and a partial exemption from the collateral exchange obligation exemption may be available for the issuer swaps and/or the Funding 1 swaps, provided the applicable conditions are satisfied.

Finally, with respect to notes issued on or after 11 December 2014, the note trustee shall be obliged, without any consent or sanction of the noteholders, or any of the other issuer secured creditors or the Funding 1 secured creditors (as appropriate), to concur with the issuer, and to direct the issuer security trustee to concur with the issuer or any other person and shall direct the issuer security trustee to direct the Funding 1 security trustee to concur with Funding 1 and any other person, in making any modifications to the transaction documents and/or the terms and conditions applying to notes of any one or more series to comply, as applicable with UK EMIR and/or EU EMIR. Furthermore, certain modifications may be made to the transaction documents by the security trustee without the consent of the Funding 1 secured creditors as described above under "**The Funding 1 security trustee, the issuer security trustee and/or the note trustee may agree modifications to and/or waive or authorise any breach of the transaction documents without your prior consent, which may adversely affect your interests**". In each case, such amendments may be made 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.

Potential effects of any additional regulatory changes

No assurance can be given that changes will not be made to the regulatory regime and developments described above in respect of the mortgage market in the United Kingdom generally, the seller's

particular sector in that market or specifically in relation to the seller. Any such action or developments, in particular, but not limited to, the cost of compliance, may have a material adverse effect on the seller, the mortgages trustee and/or the servicer and their respective businesses and operations. This may adversely affect the issuer's ability to make payments in full when due on the notes.

Nationwide is also subject to a number of EU and UK laws, regulations, proposals and measures targeted at preventing financial crime (including anti-money laundering and terrorist financing). This includes the EU's Fifth Anti-Money Laundering Directive (Directive (EU) 2018/843), which came into force. The Fifth Anti-Money Laundering Directive was transposed into UK law in January 2020 through amendments to the Money Laundering, Terrorist Financing and the Transfer of Funds (Information on the Payer) Regulations 2017. The Money Laundering, Terrorist Financing and the Transfer of Funds (Information on the Payer) Regulations 2017 was again amended by the Money Laundering and Transfer of Funds (Information) (Amendment) (EU Exit) Regulations 2019 (as amended) to reflect the UK's exit from the EU. The EU's Sixth Anti-Money Laundering Directive, which establishes minimum rules on the definition of criminal offences and penalties relating to money laundering throughout the EU, came into effect for EU Member States on 3 December 2020. The UK opted out of transposing it on the basis that UK legislation was largely compliant with it already and went further in some instances. There remains a risk that the UK regime may diverge from the EU regime in the medium term.

On 28 May 2019, Nationwide became a founding signatory, along with five other UK banks and building societies, of the Contingent Reimbursement Model Code for authorised push payment (**APP**) scams (the **CRM Code**), which was launched by the Payment Systems Regulator and subsequently managed by the Lending Standards Board. The CRM Code sets out a framework within which each signatory will reimburse qualifying customers who are victims of APP scams (subject to certain conditions and limits). The Payment Systems Regulator has since consulted on the implementation of a broader mandatory APP fraud reimbursement scheme, and, on 7 June 2023, published Policy Statement 23/2 which outlines the scope of the new reimbursement requirement. The new APP reimbursement requirement will apply to payments made using the Faster Payments system and all types of APP fraud are within scope of the new reimbursement requirement, which will come into force in 2024.

On 1 August 2019, the Payment Systems Regulator published Specific Direction 10 which required members of the UK's six largest banking groups (including Nationwide) to implement a new fraud prevention tool known as **Confirmation of Payee**. Confirmation of Payee checks whether the name of a payee's account (as provided by the payee's payment service provider) matches the payee name and account details provided by a payer. The Society was required to implement Confirmation of Payee by 30 June 2020. On 2 October 2022, the Payment Systems Regulator announced the phased extension of the requirement to implement Confirmation of Payee to all other payment service providers.

On 23 March 2023, the Payment Systems Regulator issued Specific Direction 18, requiring Nationwide (amongst other banks and building societies) to publish information relating to authorised push payment scams, including the volume and value of such scams reported by its customers.

Nationwide is committed to operating a business that prevents, deters and detects money laundering and terrorist financing. However, if there are breaches of law and regulation relating to financial crime, we could face significant administrative, regulatory and criminal sanctions as well as reputational damage which may have a material adverse effect on Nationwide's operations, financial condition and prospects.

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

The Basel Committee on Banking Supervision (**BCBS**) approved a series of significant changes to the Basel regulatory capital and liquidity framework (such changes being referred to by the BCBS as **Basel III**), including revisions to the securitisation framework which may result in increased regulatory capital

requirements in respect of certain positions. Basel III continues to include and build on the securitisation framework introduced in earlier Basel standards.

Basel III, as implemented in the EU under the recast Capital Requirements Directive IV, provides for a substantial strengthening of existing prudential rules relating to liquidity and funding. The EU authorities are seeking to facilitate the final implementation of Basel III through further amendments to CRD IV (known as CRD V). This package is expected to introduce a new market risk framework, revisions to the large exposures regime and a Net Stable Funding Ratio (**NSFR**). The NSFR is intended to ensure that institutions are not overly reliant on short-term funding.

In December 2017, the BCBS published a package of proposals to update Basel III (referred to as Basel IV). Basel IV proposes to amend the way in which institutions approach the calculation of their risk weighted assets as well as setting regulatory capital floors. The BCBS is currently proposing a nine-year implementation timetable for Basel IV.

As implementation of any changes to the Basel framework requires national legislation, the final rules and the timetable for its implementation in each jurisdiction, as well as the treatment of asset-backed securities, may be subject to some level of national variation. The PRA published its Consultation Paper 16/22 on the implementation of the final Basel standards (which the PRA refers to as Basel 3.1) in November 2022. Subject to the outcome of the consultation, implementation of the changes is expected to be from 1 January 2025. This would revise the CRD framework already implemented in the UK and would have consequential impacts on the UK implementation of the leverage ratio, and elements of the liquidity and large exposures frameworks. The reforms may result in increased regulatory capital and/or other prudential requirements in respect of securitisation positions. The PRA would expect firms to submit final pre-application materials for new internal model approach (**IMA**) permissions at least 12 months before the proposed implementation date of 1 January 2025. The PRA proposes to communicate firm-specific timetables for submitting tranches of model change applications following publication of the PRA's 'near-final' policy statement.

The timetable for Basel 3.1 implementation is not yet certain. It should also be noted that changes to regulatory capital requirements have been made for insurance and reinsurance undertakings through participating jurisdiction initiatives, such as the Solvency II frameworks in Europe and the UK, both of which are under review and subject to further reforms.

The changes under the Basel framework may have an impact on the capital requirements in respect of the notes and/or on incentives to hold the notes for investors that are subject to requirements that follow the relevant framework and, as a result, may affect the liquidity and/or value of the notes.

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

Regulatory initiatives may have an adverse impact on the regulatory treatment of the 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 notes are responsible for analysing their own regulatory position and none of the issuer, the arranger, the dealers or the seller makes any representation to any prospective investor or purchaser of the notes regarding the regulatory treatment of their investment on the relevant closing date or at any time in the future.

In addition, investors should be aware of the EU, UK and US risk retention and due diligence requirements which currently apply, and are expected to apply in the future, in respect of various types of UK, EU and US 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 an additional risk weight of no less than 250% on the notes acquired by the relevant investor. Aspects of the requirements and what is or will be required to demonstrate compliance to national regulators remain unclear.

Following Brexit, the Financial Services and Markets Act (**FSMA 2023**) received royal assent on 29 June 2023. FSMA 2023 aims to implement the outcomes of the government's future regulatory framework review and to make changes to update the UK regulatory regime. FSMA 2023 implements a framework to repeal, reform or revoke onshored EU legislation in relation to financial services and to grant primary responsibility for regulation in these areas to the U.K. regulatory authorities, subject to the oversight of the U.K. Parliament. It will be followed by a programme of regulatory reform, the timetable and extent of which are currently uncertain.

The Retained EU Law (Revocation and Reform) Act 2023 (the **Brexit Freedoms Act**), which also received royal assent on 29 June 2023, establishes a framework for the repeal of non-financial services retained EU law and provides for the abolition of the supremacy of retained EU law and general principles of EU law interpretation. This will end the special status that retained EU law (including relating to financial services) has on the UK statute book. The Brexit Freedoms Act also provides and modifies a number of powers relating to the ability of a Minister of the Crown (or similar) to amend retained EU legislation. It treats all retained direct EU legislation as equivalent to domestic secondary legislation and be subject to amendment in the same way as secondary legislation.

FSMA 2023 and the Brexit Freedoms Act are framework legislation for the UK government to make further policy changes and diverge from EU law in the coming years. As is common with financial services regulation, the applicable changes to different firms are likely to come into effect over a long period and require a change management programme to identify and implement relevant changes.

In December 2022, His Majesty's Treasury published a policy statement on 'Building a smarter financial services framework for the UK', which set out the government's plan to deliver the future regulatory framework through the powers established in the Financial Services and Markets Bill (now the Financial Services and Markets Act 2023). It prescribes how the programme of reform will be approached in phases, with retained EU law in the area of financial services split into "tranches". Work is already underway on the first tranche, delivering the outcomes arising from the Wholesale Markets Review, Lord Hill's Listing Review, the Securitisation Review, and the Review into the Solvency II Directive. The second tranche contains remaining implementation of the outcomes of the Wholesale Markets Review, continued work on Solvency II, the Packaged Retail and Insurance-Based Investment Products Regulation, the Short Selling Regulation, the Taxonomy Regulation, the Money Market Funds Regulation, Payment Services Directive and the E-Money Directive, Insurance Mediation and Distribution Directives, the Capital Requirements Regulation and Directive, Long-Term Investment Funds Regulation, and the consumer information rules in the Payment Accounts Regulations 2015. A number of these reforms may impact Nationwide. The government expects to make 'significant progress' on tranches 1 and 2 by the end of 2023.

There remains a risk that the U.K. regime may diverge from the EU regime in certain respects. As is common with financial services regulation, the applicable changes to different firms will come into effect over a long period and require a change management programme to identify and implement relevant changes. The impact of such changes on Nationwide is unknown at this time.

The matters described above and any other changes to the regulation or regulatory treatment of the notes for some or all investors may negatively impact the regulatory position of individual investors and, in addition, have a negative impact on the price and liquidity of the notes in the secondary market.

Corporate Insolvency and Governance Act

The Corporate Insolvency and Governance Act (**CIGA**) came into force on 26 June 2020. The CIGA introduces significant new corporate restructuring tools to the UK insolvency regime. The principal elements of the CIGA are a new moratorium regime that certain eligible companies can obtain which will prevent creditors taking certain actions against the company for a specified period (the **Part A1 moratorium**) which replaced the "small companies" moratorium regime, a prohibition on operation of or exercise of *ipso facto* clauses preventing (subject to exemptions) termination, variation or exercise of other rights under a contract due to a counterparty entering into certain insolvency-related events of an eligible company (the "*ipso facto termination provisions*") and a new compromise procedure under Part 26A of the Companies Act 2006 (the **restructuring plan**) that allows for a 75 per cent. majority of creditors or members by value in each class to bind others in the same class even if they do not vote in favour. It is also possible for one class of creditors to bind all others, including secured creditors (a "cross-class cram down"), subject to certain conditions being met and with a court adjudicating on the fairness of the restructuring proposal as a whole in determining whether or not to exercise its discretionary power to sanction the restructuring plan.

The issuer is not expected to be an eligible company for the purposes of either the moratorium provisions or of the *ipso facto* termination provisions of the CIGA, as the issuer is expected to be a securitisation company within the meaning of the Taxation of Securitisation Companies Regulations 2006, however there is no guidance on how the new legislation will be interpreted and the Secretary of State may by regulations modify the exceptions. For the purposes of the restructuring plan, it should also be noted that there are currently no exemptions, but the Secretary of State may by regulations provide for exclusion of certain companies providing financial services and the UK government has expressly provided for changes to the restructuring plan to be effected through secondary legislation, particularly in relation to the cross-class cram-down procedure. It is therefore possible that aspects of the legislation may change.

The issuer is further not expected to be an eligible company for the purposes of the moratorium provisions, and the transaction documents are not expected to be subject to the *ipso facto* termination provisions, because the transaction is expected to constitute a "capital market arrangement" under which a debt of at least £10 million has been incurred or is expected to be incurred and the Notes a "capital market investment" (each as defined under paragraphs 13 and 14 of new schedule ZA1 to the Insolvency Act introduced by CIGA). The definitions of "capital market arrangement" and "capital market investment" are broad and are such that, in general terms, any company which is a party to an arrangement which involves at least £10 million of debt, the granting of security to a trustee, and the issue of a rated, listed or traded debt instrument, is excluded from being eligible for a moratorium. That said, if for any reason the issuer is an eligible company for the purposes of the moratorium or the *ipso facto* termination provisions, application of these provisions could result in a material adverse effect on the ability of noteholders to accelerate their debts and enforce the security granted under the issuer deed of charge in a timely manner, which in turn may result in material losses being incurred by noteholders.

Further, although the restructuring plan is available to the issuer to implement a compromise or arrangement with its creditors or members, the likelihood of the new cross-class cram down being used to impose such a plan on creditors is low given the fact that it is established as an insolvency remote vehicle, with limited third party creditors and where its secured creditors have entered into non-petition

covenants and limited recourse provisions. If, however, a restructuring plan was proposed and the cross-class cram down provisions were to be used in respect of the issuer, it would be possible under some circumstances for 75 per cent. by value of the creditors in one class to approve a compromise and thereby "cram down" dissenting classes of creditors, which, if approved by the court, may result in material losses being incurred by noteholders.

Your interests may be adversely affected by a change of law in relation to UK withholding tax

Provided that the listed notes are and continue to be "listed on a recognised stock exchange" (within the meaning of section 1005 of the Income Tax Act 2007), as at the date of this base prospectus no withholding or deduction for or on account of United Kingdom income tax will be required on payments of interest on such notes.

In respect of the class Z notes, provided that (i) the person beneficially entitled to interest payable in respect of the class Z notes is a company (as defined in section 992 of the Income Tax Act 2007) within the charge to United Kingdom corporation tax as regards any payment of interest under the class Z notes, (ii) the issuer reasonably believes, at the time the payment is made, that subparagraph (i) is satisfied, and (iii) HMRC has not given a direction to the issuer to the effect that the interest must not be paid without deduction of income tax, as at the date of this base prospectus no withholding or deduction for or on account of United Kingdom income tax will be required on payments of interest on the class Z notes.

However, in each case, there can be no assurance that the law in this area will not change during the term of the notes.

In the event that any withholding or deduction for or on account of any tax is imposed on payments in respect of the notes, none of the issuer, any paying agent or any other person is obliged to gross up or otherwise compensate noteholders for such withholding or deduction. However, in such circumstances, the issuer will, subject to and in accordance with Condition 5.5 of the notes, be entitled to redeem the notes.

The applicability of any UK withholding tax to the listed notes under current UK tax law is discussed further under "**United Kingdom taxation**".

Under current law, amounts due to the issuer in respect of the term advances made by it to Funding 1 are not subject to withholding or deduction for or on account of United Kingdom income tax. However, there can be no assurance that the law in this area will not change during the life of the notes. In the event that any withholding or deduction for or on account of any tax is imposed on payments to the issuer in respect of the term advances made by it to Funding 1, Funding 1 will not be required to gross up or otherwise compensate the issuer for such withholding or deduction. However, in such circumstances, the issuer has a right, subject to and in accordance with the terms of the intercompany loan agreement, to call for repayment of the term advances and redemption of the notes.

UK taxation treatment of the issuer and Funding 1

The issuer and Funding 1 have each been advised that they 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 their "retained profit" (as that term is defined in the Securitisation Tax Regulations) for so long as they satisfy the conditions of the Securitisation Tax Regulations. However, if either or both of the issuer or Funding 1 do not in fact satisfy the conditions of the Securitisation Tax Regulations (or subsequently cease to satisfy those conditions), then the issuer and/or Funding 1 may be subject to tax liabilities not contemplated in the cashflows for the transaction described in this base prospectus. Any such tax liabilities may reduce amounts available to the issuer to

meet its obligations under the notes and may result in investors receiving less interest and/or principal than expected.

English law and Northern Irish law security and insolvency considerations

The issuer has entered into the issuer deed of charge pursuant to which it has granted the issuer security in respect of certain of its obligations, including its obligations under the notes (as to which, see "**Security for the issuer's obligations**"). Similarly, Funding 1 has entered into the Funding 1 deed of charge pursuant to which Funding 1 has granted the Funding 1 security in respect of certain of its obligations, including its obligations under the intercompany loan agreement (as to which, see "**Security for Funding 1's obligations**"). In certain circumstances, including the occurrence of certain insolvency (or certain pre-insolvency) events in respect of the issuer or Funding 1, the ability to realise the issuer security and/or the Funding 1 security, respectively, may be delayed and/or the value of the relevant security impaired. In particular, it should be noted that significant changes to the UK insolvency regime have been enacted under the Corporate Insolvency and Governance Act 2020 which received Royal Assent on 25 June 2020 and came into effect on 26 June 2020. The changes include, among other things: (i) the introduction of a new moratorium regime that certain eligible companies can obtain which will prevent creditors taking certain action against the company for a specified period; (ii) a ban on operation of or exercise of *ipso facto* clauses preventing (subject to exemptions) termination, variation or exercise of other rights under a contract due to a counterparty entering into certain insolvency or restructuring procedures; and (iii) a new compromise or arrangement under Part 26A of the Companies Act 2006 (the **Restructuring Plan**) that provides for ways of imposing a restructuring on creditors and/or shareholders without their consent (so-called cross-class cram-down procedure), subject to certain conditions being met and with a court adjudicating on the fairness of the restructuring proposal as a whole in determining whether or not to exercise its discretionary power to sanction the Restructuring Plan. While the issuer and Funding 1 are expected to be exempt from the application the new moratorium regime and the ban on *ipso facto* clauses, there is no guidance on how the new legislation will be interpreted and the Secretary of State may by regulations modify the exceptions. For the purposes of the Restructuring Plan, it should also be noted that there are currently no exemptions, but the Secretary of State may by regulations provide for exclusion of certain companies providing financial services and the UK government has expressly provided for changes to the Restructuring Plan to be effected through secondary legislation, particularly in relation to the cross-class cram-down procedure. It is therefore possible that aspects of the legislation may change.

While the transaction structure is designed to minimise the likelihood of the issuer or Funding 1 becoming insolvent and/or subject to pre-insolvency restructuring proceedings, no assurance can be given that any modification of the exceptions from the application of the new insolvency reforms referred to above will not be detrimental to the interest of the noteholders and there can be no assurance that the issuer and/or Funding 1 will not become insolvent and/or the subject of insolvency or pre-insolvency restructuring proceedings and/or that the noteholders would not be adversely affected by the application of insolvency laws (including English insolvency laws and, if appropriate, Scottish or Northern Irish insolvency laws).

In particular, the ability to realise the security granted may be delayed if an administrator is appointed or in the context of a company voluntary arrangement in respect of the issuer or Funding 1. In this regard, it should be noted that:

(a) in general, an administrator may not be appointed in respect of a company if an administrative receiver is in office. Amendments were made to the Insolvency Act 1986 in September 2003 which restrict the right of the holder of a floating charge to appoint an administrative receiver, unless an exception applies. Significantly, one of the exceptions allows for the appointment of an administrative receiver in relation to certain transactions in the capital market. While it is anticipated that the requirements of this exception will be met by the issuer deed of charge and the Funding 1 deed of charge, it should be noted that the Secretary of State for Business, Innovation and Skills

may by regulation modify the capital market exception and/or provide that the exception shall cease to have effect; and

(b) under the Insolvency Act 1986 (as amended by the Insolvency Act 2002), certain "small" companies (which are defined by reference to certain financial and other tests) are entitled to seek protection from their creditors for a limited period for the purposes of putting together a company voluntary arrangement. The position as to whether or not a company is a small company may change from time to time and consequently no assurance can be given that the issuer or Funding 1 will not, at any given time, be determined to be a small company. However, certain companies are excluded from the optional moratorium provisions, including a company which is party to certain transactions in the capital market and/or which has a liability in excess of a certain amount. While the issuer and Funding 1 should fall within the current exceptions, it should be noted that the Secretary of State for Business, Innovation and Skills may by regulation modify these exceptions.

In addition, it should be noted that, to the extent that the assets of the issuer or Funding 1 are subject only to a floating charge (including any fixed charge recharacterised by the courts as a floating charge), in certain circumstances under the provisions of sections 174A, 176ZA and 176A of the Insolvency Act 1986 and articles 150ZA and 150A of the Insolvency (Northern Ireland) Order 1989 (as amended by the Insolvency (Northern Ireland) Order 2005, the **Insolvency (Northern Ireland) Order**), certain floating charge realisations up to a statutory maximum, currently £800,000 per entity which would otherwise be available to satisfy the claims of secured creditors under the issuer deed of charge or Funding 1 deed of charge, as the case may be, may be used to satisfy any expenses of the insolvency proceeding, claims of unsecured creditors or creditors who otherwise take priority over floating charge recoveries. While certain of the covenants given by the issuer and Funding 1 in the transaction documents are intended to ensure it has no significant creditors other than the secured creditors under the issuer deed of charge and the Funding 1 deed of charge, as the case may be, it will be a matter of fact as to whether the issuer and/or Funding 1 has any other such creditors at any time. There can be no assurance that you will not be adversely affected by any such reduction in floating charge realisations upon the enforcement of the issuer security and/or the Funding 1 security.

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 provider's payment rights in respect of certain termination payments upon the occurrence of insolvency proceedings or other default on the part of such counterparty (so-called "flip clauses"). Such provisions are similar in effect to the terms which are included in the transaction documents relating to the subordination of issuer swap excluded termination amounts and Funding 1 swap excluded termination amounts.

The English Supreme Court has held that a flip clause (as described above) will in certain circumstances be 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 this conflict remain unresolved.

If a creditor of the issuer (such as a swap provider) or a related entity becomes subject to insolvency proceedings in any jurisdiction outside England and Wales (including, but not limited to, the U.S.), and it is owed a payment by the issuer, a question arises as to whether the insolvent creditor or any insolvency official appointed in respect of that creditor could successfully challenge the validity and/or enforceability of subordination provisions included in the English law governed transaction documents (such as a provision of the priorities of payments which refers to the ranking of the swap providers' payment rights in respect of issuer swap excluded termination amounts and Funding 1 swap excluded termination amounts). In particular, based on the decision of the U.S. Bankruptcy Court referred to above, there is a risk that such subordination provisions would not be upheld under U.S. bankruptcy laws. Such laws may be relevant in certain circumstances with respect to a range of entities which may act as swap provider, including U.S. established entities and certain non-U.S. established entities with assets or operations in the U.S. (although the scope of any such proceedings may be limited if the relevant non-U.S. entity is a bank with a licensed branch in a U.S. state). 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 notes and/or the ability of the issuer to satisfy its obligations under the notes.

Given the general relevance of the issues under discussion in the judgments referred to above and that the transaction documents include terms providing for the subordination of issuer swap excluded termination amounts and Funding 1 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 notes. If any rating assigned to the notes is lowered, the market value of the notes may reduce.

Liquidation expenses payable on floating charge realisation will reduce amounts available to satisfy the claims of secured creditors of the issuer and/or Funding 1

On 6 April 2008, a provision in the Insolvency Act 1986 came into force which effectively reversed by statute the House of Lords' decision in the case of Leyland Daf in 2004. Accordingly, the costs and expenses of a liquidation (including certain tax charges) will be payable out of floating charge assets in priority to the claims of the floating charge-holder. In respect of certain litigation expenses of the liquidator only, this is subject to approval of the amount of such expenses by the floating charge-holder (or, in certain circumstances, the court) pursuant to provisions set out in the Insolvency (England and Wales) Rules 2016 (as amended) and the Insolvency Rules (Northern Ireland) 1991 (as amended). In general, the reversal of the Leyland Daf case applies in respect of all liquidations commenced on or after 6 April 2008.

As a result of the changes described above, which bring the position in a liquidation into line with the position in an administration, upon the enforcement of the floating charge security granted by the issuer and/or by Funding 1, floating charge realisations which would otherwise be available to satisfy the claims of the secured creditors under the issuer deed of charge and/or the Funding 1 deed of charge may be reduced by at least a significant proportion of any liquidation or administration expenses. There can be no assurance that the noteholders will not be adversely affected by such a reduction in floating charge realisations.

Loans are subject to certain legal and regulatory risks

Certain additional regulatory risks exist in relation to the loans, including in relation to the legal and regulatory considerations relating to the loans and their related security, changes in law, regulation, the possibility of complaints by borrowers in relation to terms of the loans and in relation to the policies and procedures of the Seller as legal title holder. Any such action or developments or compliance costs may have a material adverse effect on the loans, the Seller as originator, the Issuer and/or the Servicer and their respective businesses and operations. If any of these risks materialise they could have an

adverse effect on the ability of the Issuer to satisfy its obligations under the notes. Further detail on certain considerations in relation to the regulation of mortgages in the UK is set out in the section headed *Material information relating to the regulation of mortgages in the UK* below and certain specific risks are set out below:

Regulated Mortgage Contracts. A borrower who is a private person may be entitled to claim damages for loss suffered as a result of any contravention by an authorised person of an FCA or PRA rule, and may set off the amount of the claim against the amount owing by the borrower under the loan or any other loan that the borrower has taken with that authorised person (or exercise analogous rights in Scotland). Any such damages or set off in respect of the loans may adversely affect the Issuer's ability to make payments on the notes. Further detail is included in the section headed *Material information relating to the regulation of mortgages in the UK – Regulated Mortgage Contracts.*

Guidance Issued by the Regulators. Guidance issued by the regulators has changed over time and it is possible that it may change in the future. No assurance can be given that any changes in legislation, guidance or case law as it relates to the portfolio will not have a material adverse effect on the Seller and its businesses and operations. This may adversely affect the Issuer's ability to make payments in full when due on the notes. There can be no assurance that any such changes (including changes in regulators' responsibilities) will not affect the loans. Any such changes (including changes in regulators' responsibilities) may also adversely affect the Issuer's operating results, financial condition and prospects.

Unfair Relationships. If a court determines that there was an unfair relationship between the Seller and the borrowers in respect of the loans and ordered that financial redress was made in respect of such loans, such redress may adversely affect the ultimate amount received by the Issuer in respect of the relevant loans and/or the ability of the Issuer to make payments under the notes. Further detail is included in the section headed *Material information relating to the regulation of mortgages in the UK – Unfair relationships* below.

Distance Marketing. The Financial Services (Distance Marketing) Regulations 2004 allow, in certain specified circumstances, a borrower to cancel a credit agreement it has entered into with lenders. If a significant proportion of the loans are treated as being cancellable under these regulations, there could be an adverse effect on the Issuer's receipts in respect of the loans affecting the Issuer's ability to make payments under the notes. Further detail is included in the section headed *Material information relating to the regulation of mortgages in the UK – Distance Marketing* below.

UTCCR and CRA. The UTCCR and the Consumer Rights Act 2015 (**CRA**) provide that a consumer may, in certain circumstances, challenge a term in an agreement on the basis that it is unfair. The broad and general wording of the UTCCR and CRA makes any assessment of the fairness of terms largely subjective and makes it difficult to predict whether or not a term would be held by a court to be unfair. It is therefore possible that any loans which have been made to borrowers covered by the UTCCR or CRA may contain unfair terms which may result in the possible unenforceability of the terms of the underlying loans. The CRA came into force on 1 October 2015 and applies to agreements made on or after the date and revokes UTCCR. Therefore, if any term of the loans entered into between 1 July 1995 and 30 September 2015 is found to be unfair for the purpose of the UTCCR or entered into from 1 October 2015 is found to be unfair for the purpose of the CRA, this may reduce the amounts available to meet the payments due in respect of the notes, including by way of non-recovery of a loan, a claim made by the borrower or the exercise by the borrower of a right of set-off arising as a result of a term of a loan being found to be unfair (and therefore not binding on the consumer).

No assurance can be given that any changes in legislation, guidance or case law on unfair terms will not have a material adverse effect on the Seller as legal title holder, the Issuer and/or the Servicer and their respective businesses and operations. No assurance can be given that any such changes in guidance on the UTCCR or the CRA, or reform of the UTCCR or the CRA, will not affect the loans and will not have a material adverse effect on the Issuer's ability to make payments on the notes. Further detail in

relation to the UTCCR and the CRA is included in the section headed *Material information relating to the regulation of mortgages in the UK – Unfair Terms in Consumer Contracts Regulations and the Consumer Rights Act 2015* below.

Financial Ombudsman Service. Under the FSMA, the Financial Ombudsman Service (the **Ombudsman**) is required to make decisions on, among other things, complaints relating to activities and transactions under its jurisdiction. The Ombudsman is required to make decisions on the basis of, among other things, the principles of fairness, and may order a money award to a borrower. Given the way the Ombudsman makes its decisions, it is not possible to predict how any future decision of the Ombudsman would affect the ability of the Issuer to make payments under the notes. Further detail is included in the section headed *Material information relating to the regulation of mortgages in the UK – Financial Ombudsman Service* below.

Consumer Protection from Unfair Trading Regulations 2008 (CPUTR). The CPUTR prohibits certain practices which are deemed unfair within the terms of the CPUTR. Breach of the CPUTR may lead to liability for misrepresentation or breach of contract in relation to the underlying credit agreements, which may result in irrecoverable losses on amounts to which such agreements apply and which may adversely affect the ability of the Issuer to satisfy its obligations under the notes. Further detail in relation to the CPUTR is included in the section headed *Material information relating to the regulation of mortgages in the UK – Consumer Protection from Unfair Trading Regulations 2008* below.

Non-disclosure of Broker Commissions. Certain of the Mortgages Loans have been originated through intermediaries who were paid commission by an Originator in consideration for such activities in the form of a procuration fee. Where only the existence but not the amount of the commission was disclosed to a Borrower then, depending on the circumstances of the case, the court may order that financial redress is made in respect of such loans, and such redress may adversely affect the ultimate amount received by the Issuer in respect of the relevant loans and/or the ability of the Issuer to make payments under the notes. Further detail is included in the section headed *Material information relating to the regulation of mortgages in the UK – Non-disclosure of Broker Commissions* below.

Mortgage repossession. The protocols for mortgage repossession may have adverse effects in relation to the ability of the Seller as legal title holder to repossess properties in markets experiencing above average levels of possession claims. Delays in the initiation of responsive action in respect of the loans may result in lower recoveries and may adversely affect the ability of the Issuer to make payments under the notes. Further detail is included in the section headed *Material information relating to the regulation of mortgages in the UK – Mortgage repossession* below.

Investors should note, as at the date of this Prospectus, the Mortgages Tailored Support Guidance, as described below in the section entitled *Material information relating to the regulation of mortgages in the UK – FCA response to the cost of living crisis* in response to the COVID-19 outbreak in the UK states that from 1 April 2021, subject to any relevant government restrictions on repossessions, firms may enforce repossession provided they act in accordance with (as applicable) the Mortgages Tailored Support Guidance, MCOB 13 and relevant regulatory and legislative requirements. The Mortgages Tailored Support Guidance provides that action to seek possession should be a last resort and should not be started unless all other reasonable attempts to resolve the position have failed. The FCA makes clear in the guidance that it expects lenders of both owner-occupied and buy-to-let mortgage loans to act in a manner consistent with these requirements. The FCA is currently consulting on incorporating aspects of the Mortgages Tailored Support Guidance into MCOB, with the expectation that new rules will come into force in the first half of 2024 and the Mortgages Tailored Support Guidance will be withdrawn at the same time.

Investors should further note, as at the date of this Prospectus, as described below in the section entitled *Material information relating to the regulation of mortgages in the UK – Mortgage Charter*, Nationwide are voluntary signatories to the Mortgage Charter and have 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.

Assured Shorthold Tenancy (AST). Depending on the level of ground rent payable at any one time it is possible that a long leasehold in England and Wales may also be an Assured Tenancy (AT) or Assured Shorthold Tenancy (AST) under the Housing Act 1988. There is a risk that in certain circumstances, where a long lease is also an AT/AST due to the level of the ground rent, the long lease will come to an end and the landlord will be able to re-enter the relevant property. This may adversely affect the realisable value of the portfolio, and/or the Issuer's ability to make payments on the notes. Further detail is included in the section headed *Material information relating to the regulation of mortgages in the UK –Assured Shorthold Tenancy.*

Breathing space regulations. The Breathing Space Regulations 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 with problems debt legal protection from creditor action for up to 60 days; and a mental health crisis breathing space will give an individual protection from creditor action for the duration of their mental health crisis treatment (which is not limited in duration) plus an additional 30 days. There is a risk that delays in the initiation of enforcement action in respect of the loans may result in lower recoveries and may adversely affect the ability of the Issuer to make payments due under the notes. Further detail is included in the section headed *Material information relating to the regulation of mortgages in the UK – Breathing space regulations.*

FCA Consumer Duty. The FCA has introduced a new consumer duty on regulated firms, which aims to set a higher level of consumer protection in retail financial markets. It is unclear, despite the guidance from the FCA, how the Consumer Duty will operate. If (for example) the obligations relating to fair value or not causing harm are not met in relation to the loans, it could adversely affect the amounts received or recoverable in relation to the loans. This may adversely affect the ability of the Issuer to make payments in full on the notes when due. Further detail is included in the section headed *Material information relating to the regulation of mortgages in the UK – Consumer Duty* below.

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). 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. Further detail is included in the section headed *Material information relating to the regulation of mortgages in the UK – PPI* below.

*Right to Buy Loans***.** A small proportion of the loans as at the date of this base prospectus are right to buy loans, sold at a discount to the market value calculated in accordance with the Housing Act 1985 or Housing (Scotland) Act 1987 (as amended) (as applicable). A purchaser under the scheme of the Housing Act 1985 must repay the whole or part (depending on when the disposal occurs) of the discount if they dispose of the property within five years (in England and Wales) or three years (in Scotland). In England and Wales, the purchaser is required, before a sale or disposal of the property within 10 years of the date of purchase, to offer the property to the landlord or another social landlord at full market value and to allow up to eight weeks for acceptance of the offer. A mortgage lender selling the property as a mortgagee in possession in such circumstances will also be obliged to grant such right of first refusal to the landlord or other social landlord. This may adversely affect the realisable value of the portfolio, and/or the Issuer's ability to make payments on the notes**.** Further detail is included in the section headed *Material information relating to the regulation of mortgages in the UK – Right to Buy Loans.*

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 sections of 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 terms of 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. The ability of the seller as heritable creditor of the Scottish mortgages to exercise its power of sale may be restricted and this may adversely affect the issuer's ability to make payments to the noteholders.

Land registration reform in Scotland

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

At present, title to a residential property that is recorded in the General Register of Sasines will usually only require 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 additional circumstances which trigger first registration of properties recorded in the General Register of Sasines, including the recording of an assignation of a standard security (which would extend to 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**)).

The relevant provisions of the 2012 Act relating to the recording of standard securities came into force on 1 April 2016 (the **commencement date**). As of this date, the General Register of Sasines is now closed to the recording of standard securities. Notwithstanding the provisions of the 2012 Act mentioned above, for the time being other deeds such as assignations, will trigger a first registration are not currently in force but have been the subject of a public consultation paper issued on 14 July 2014. The Registers of Scotland published a report on the consultation on 15 February 2015 stating that, for the time being, other deeds, such as assignations of standard securities (including Scottish Sasine transfers) will continue to be accepted in the General Register of Sasines indefinitely (although Registers of Scotland have reserved the right to consult further on this issue in the future).

If the General Register of Sasines becomes closed to assignations of standard securities at any time after the date of this base prospectus, then this would also have an impact on the registration of Scottish Sasine transfers, with the probability of higher legal costs and a longer period required to complete registration than would currently be the case.

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, it is likely that, in relation to the current portfolio, where, as at 30 November 2021, 9.2% of the mortgaged properties by current balance of the portfolio were located in Scotland, only a minority of the Scottish mortgages will be recorded in the General Register of Sasines.

Demutualisation and Consequences of the Building Societies Act

Subject to confirmation by the FCA, Nationwide's members and the directors determine whether it demutualises (save in circumstances where the FCA makes a direction under Section 42B of the Building Societies Act or the UK authorities make an order under the Banking Act which results in a demutualisation taking place).

The Building Societies Act includes provisions under which a building society may demutualise by transferring the whole of its business to an existing company (referred to as a "takeover") or to a specially formed company (referred to as a "conversion"). In addition, the Building Societies Act (as modified by the Mutual Societies (Transfers) Order 2009 (the **Mutual Transfers Order**) made under section 3 of the Building Societies (Funding) and Mutual Societies (Transfers) Act 2007 (the **Funding and Mutual Societies Transfers Act**)) includes provisions under which a building society may transfer the whole of its business to the subsidiary of another mutual society (as defined in section 3 of the Funding and Mutual Societies Transfers Act). At present, the claims of depositors and other unsubordinated creditors of the seller would rank ahead of share accounts (which term excludes any deferred shares) and the members' rights to any surplus in the event of a liquidation of the seller and the claims of subordinated creditors of the seller would rank behind share accounts but ahead of members' rights to any surplus in the event of a liquidation of the seller. If, however, the seller transfers its business to a specially formed company or an existing company (as defined in the Building Societies Act), all the liabilities of the seller which immediately prior thereto were classified as share accounts will thereafter rank at least *pari passu* with all other unsecured and unsubordinated liabilities of the seller's successor.

Section 90B of the Building Societies Act (which was inserted by the Funding and Mutual Societies Transfers Act) was brought into force with effect from 20 November 2014. HM Treasury exercised the power which was granted to it under Section 90B and powers conferred on it by section 2(2) of the European Communities Act 1972 by making the Banks and Building Societies (Depositor Preference and Priorities) Order 2014 (the **Depositor Preference Order**), which entered into force on 1 January 2015. As a result of these changes, provision has been made by HM Treasury for the purpose of ensuring that, on the winding up, or dissolution by consent, of a building society, any assets available for satisfying the society's liabilities to creditors (other than liabilities in respect of subordinated deposits; liabilities in respect of preferential debts; or any other category of liability which HM Treasury specifies in the order for these purposes) or to shareholders (other than liabilities in respect of preferential debts and deferred shares) are applied in satisfying those liabilities *pari passu*.

Pensions Acts

Under the Pensions Act 2004, the UK Pensions Regulator has the power to issue those parties who are 'connected' or 'associated' with an employer under an occupational pension scheme with a 'contribution notice' or a 'financial support direction'.

A contribution notice will require the target to pay a specified sum into the pension scheme. A financial support direction will require the target to provide support to the pension scheme whether by way of a cash contribution or other means, such as a guarantee.

The issuer may be treated as associated with Nationwide Building Society which is an employer under an occupational pension scheme. As such it may be within the scope of the powers of the UK Pensions Regulator to issue a contribution notice or financial support direction.

A contribution notice could be served on the issuer if it was party to an act or a deliberate failure to act, and either (A) 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) 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 or (B) in the opinion of the UK Pensions Regulator it has detrimentally affected in a material way the

likelihood of accrued scheme benefits being received. A contribution notice can only be served where the UK Pensions Regulator considers it is reasonable to do so, having regard to a number of factors.

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) when the provisions come into force, 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 a debt due from the employer under Section 75 of the Pensions Act 1995 that a defined benefit scheme could 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.

As these offences apply to any "person" involved with the activity in question, the issuer, Funding 1, the mortgages trustee and/or any noteholders (and their directors, employees and advisers) could be caught by the new offences or civil penalties if they were involved in any relevant 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. The UK Pensions Regulator may also issue civil fines where a person, without reasonable excuse, fails to comply with a contribution notice, as well as in respect of certain other breaches. As these civil penalties apply to any "person" involved with the activity in question, the issuer, 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.

If the UK Pensions Regulator takes any action against the issuer, Funding 1, the mortgages trustee and/or any noteholders this could adversely affect the interests of the noteholders.

The Dodd-Frank Wall Street Reform and Consumer Protection Act

The enactment of the Dodd-Frank Act of 2010 (the **Dodd-Frank Act**{xe "Dodd-Frank Act"}), which was signed into law on 21 July 2010, imposed a new regulatory framework over the U.S. financial services industry and the U.S. consumer credit markets in general.

On 10 December 2013, U.S. regulators adopted final regulations to implement Section 619 of the Dodd-Frank Act, which added a new Section 13 to the Bank Holding Company Act of 1956, commonly referred to as the "Volcker Rule". The Volcker Rule generally prohibits "banking entities" (broadly defined to include U.S. banks, bank holding companies and foreign banking organisations, together with their respective subsidiaries and other affiliates) from (i) engaging in proprietary trading, (ii) acquiring or retaining an ownership interest in, or sponsoring, a "covered fund" and (iii) entering into certain relationships with such funds, subject to certain exceptions and exclusions. See "**The Notes**" on the cover of this base prospectus for information on the issuer's status under the Volcker Rule.

The issuer is not, and solely after giving effect to any offering and sale of notes and the application of the proceeds thereof will not be, a "covered fund" for the purposes of regulations adopted under Section 13 of the Bank Holding Copmany Act of 1956, as amended (commonly known as the Volcker Rule). In reaching this conclusion, although other statutory or regulatory exemptions under the Volcker Rule and its related regulations may be available, the issuer has relied on the exclusion from the definition of a "covered fund" under the Volcker Rule for entities involved in the securitisation of loans. However, there is a limited interpretive guidance regarding the Volcker Rule and its implementing regulations and to the extent that these implementing regulations are modified or superceded, the issuer may no longer be able to rely on such exemption. If the issuer is considered a "covered fund", the liquidity of the maket for any notes may be materially and adversely affected, since banking entities could be prohibited from, or face restrictions in, investing in any notes. Any prospective investor in any notes, including a U.S. or foreign bank or a subsidiary or other affiliate thereof, must determine for itself whether it is a "banking entity" subject to regulation under the Volcker Rule and should consult its own legal advisers regarding such matters and other effects of the Volcker Rule.

U.S. Credit Risk Retention

In the U.S., on 21 October 2014, Federal Deposit Insurance Corporation (the **FDIC**), the Federal Housing Finance Agency (the **FHFA**), the Department of the Treasury (the **Treasury**) and the Office of the Comptroller of the Currency (the **OCC**) adopted a final rule implementing the U.S. Credit Risk Retention Requirements. The following day, the Board of Governors of the Federal Reserve System, the SEC and the Department of Housing and Urban Development (collectively with the FDIC, FHFA, the Treasury and OCC, the **Joint Regulators**) adopted the U.S. Credit Risk Retention Requirements. As required by the Dodd-Frank Act, the U.S. Credit Risk Retention Requirements generally require the "sponsor" of a securitisation transaction (or, in the case of a revolving pool securitisation, a wholly-owned affiliate thereof) to retain an economic interest in the credit risk of the assets collateralising the asset-backed securities and generally prohibit sponsors from directly or indirectly eliminating or reducing its credit exposure by hedging or otherwise transferring the credit risk that the sponsor is required to retain. The U.S. Credit Risk Retention Requirements became effective for residential mortgage-backed securities on 24 December 2015. As described under "**Certain Regulatory Requirements—U.S. Credit Risk Retention**", the seller, in its capacity as sponsor, will comply with this requirement by maintaining a seller share equal to not less than 5 per cent. of the aggregate outstanding principal balance of all notes issued by the issuer, with certain exceptions. If the seller share does not equal at least 5 per cent. of the aggregate outstanding principal balance of all notes issued by the issuer, with certain exceptions, as 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 notes may be adversely impacted. In addition, in the event that the seller does not equal at least 5 per cent. of the aggregate outstanding principal balance of all notes issued by the issuer, with certain exceptions, and

such deficiency persists for two consecutive trust calculation dates, a non-asset trigger event will occur. See "**Certain Regulatory 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.

RISKS RELATING TO THE CHARACTERISTICS OF THE NOTES

The minimum denominations on the notes may adversely affect payments on the notes if issued in definitive form

The notes will have a denomination consisting of a minimum authorised denomination of $150,000 (in the case of U.S. dollar-denominated notes and Rule 144A notes) (or the U.S. dollar equivalent for Rule 144A notes issued in a currency other than U.S. dollars), £100,000 (in the case of sterling-denominated notes (other than Rule 144A notes, denominated in sterling), €100,000 (in the case of euro-denominated notes (other than Rule 144A notes denominated in euro)) or, in each case, such higher denomination as may be specified in the applicable final terms (or, in the case of exempt notes, the applicable pricing supplement) plus higher integral multiples of $1,000, £1,000 or €1,000, as applicable, and further provided that (i) each note denominated in a currency other than euro shall have a minimum denomination in that currency of at least the equivalent, as at the date of issue of the notes, of €100,000 and (ii) each Rule 144A note denominated in sterling with a maturity of less than one year may not have a minimum denomination of less than £100,000. If definitive notes are required to be issued in respect of the notes represented by global notes, they will only be printed and issued in denominations of $150,000, £100,000, or €100,000 (or the equivalent in any other currency as at the date of the issue of the notes), as the case may be, and will be subject to the determination amounts referred to here. Accordingly, it is possible that the notes may be traded in amounts in excess of the minimum authorised denomination that are not integral multiples of such denomination. In such a case, if definitive notes are required to be issued, a noteholder who holds a principal amount which (after deducting integral multiples of such minimum authorised denomination) is less than the minimum authorised denomination at the relevant time may not receive a definitive note in respect of such holding and may need to purchase a principal amount of notes such that its holding amounts to the minimum authorised denomination (or another relevant denomination amount).

If definitive notes are issued, noteholders should be aware that definitive notes which have a denomination that is not an integral multiple of the minimum authorised denomination may be illiquid and difficult to trade.

Book-Entry Interests

Unless and until definitive notes are issued in exchange for book-entry interests, holders and beneficial owners of book-entry interests will not be considered the legal owners or holders of notes under the note trust deed. After payment to the principal paying agent, the issuer will not have responsibility or liability for the payment of interest, principal or other amounts to DTC, Euroclear or Clearstream, Luxembourg or to holders or beneficial owners of book-entry interests.

DTC, Euroclear or Clearstream, Luxembourg or its nominee will be the registered holder and sole legal noteholder of the Rule 144A global notes issued under the terms of the note trust deed while any notes are represented by Rule 144A global notes and Euroclear or Clearstream, Luxembourg or its nominee will be the registered holder and sole legal noteholder of the Reg S global notes issued under the terms of the note trust deed while any notes are represented by Reg S global notes. Accordingly, each person owning a book-entry interest must rely on the relevant procedures of DTC, Euroclear and Clearstream, Luxembourg and, if such person is not a participant in such entities, on the procedures of the participant through which such person owns its interest, to exercise any right of a noteholder under the note trust deed.

Holders of beneficial interests in the global notes denominated in a currency other than U.S. dollars held directly with DTC or through its participants must give advance notice to DTC or the relevant participant in accordance with DTC's procedures that they wish payments on such global notes to be

made to them in the relevant currency outside DTC. If such instructions are not given in accordance with DTC's procedures, payments on such global notes in the relevant currency will be exchanged for U.S. dollars by the exchange rate agent prior to their receipt by DTC and the affected holders will receive U.S. dollars on the relevant distribution date.

Except as noted in the previous paragraph, payments of principal and interest on, and other amounts due in respect of, the global notes will be made by the relevant principal paying agent through DTC, Euroclear and/or Clearstream, Luxembourg, as specified in the applicable supplement to this base prospectus. Upon receipt of any payment from the principal paying agent, DTC, Euroclear and/or Clearstream, Luxembourg, as applicable, will promptly credit participants' accounts with payment in amounts proportionate to their respective ownership of book-entry interests as shown on their records. The issuer expects that payments by participants or indirect participants to owners of interests in book-entry interests held through such participants or indirect participants will be governed by standing customer instructions and customary practices, as is now the case with the securities held for the accounts of customers registered in "street name", and will be the responsibility of such participants or indirect participants. None of the issuer, the issuer security trustee, the note trustee, the principal paying agent, the exchange rate agent or the registrar will have any responsibility or liability for any aspect of the records relating to, or payments made on account of, the book-entry interests or for maintaining, supervising or reviewing any records relating to such book-entry interests.

Unlike legal owners or holders of the notes, holders of the book-entry interests held through DTC will not have the right under the note trust deed to act upon solicitations by or on behalf of the issuer or consents or requests by or on behalf of the issuer for waivers or other actions from noteholders. Instead, a holder of book-entry interests held through DTC will be permitted to act only to the extent it has received appropriate proxies to do so from DTC and, if applicable, its participants. There can be no assurance that procedures implemented for the granting of such proxies will be sufficient to enable holders of book-entry interests held through DTC to vote on any requested actions on a timely basis. Similarly, upon the occurrence of a note event of default under the notes of a series or an insolvency event, holders of book-entry interests held through DTC will be restricted to acting through DTC unless and until definitive notes are issued in accordance with the terms and conditions of the notes and the relevant supplement to this base prospectus. There can be no assurance that the procedures to be implemented by DTC under such circumstances will be adequate to ensure the timely exercise of remedies under the note trust deed.

Although DTC, Euroclear and Clearstream, Luxembourg have agreed to certain procedures to facilitate transfers of book-entry interests 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 issuer, the issuer security trustee or the note trustee, or any of their agents will have any responsibility 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.

Because transactions in the global notes held by DTC or its nominee will be effected only through DTC, direct and indirect participants in DTC's book-entry system and certain banks, the ability of a holder of a beneficial interest in such a global note to pledge such interest to persons or entities that do not participate in the DTC system, or otherwise to take actions in respect of such interest, may be limited due to the lack of physical security representing such interest.

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

Eurosystem eligibility

Certain of the notes may be intended to be held in a manner which will allow Eurosystem eligibility as set out in the relevant final terms. This means that such notes are intended upon issue to be deposited with one of Euroclear or Clearstream Luxembourg and does not necessarily mean that such 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, *inter alia*, depend upon satisfaction of the Eurosystem eligibility criteria set out in the Guideline 2015/510 of the European Central Bank on the implementation of the Eurosystem monetary policy framework (recast) (ECB/2014/60) as amended and applicable from time to time.

If such notes do not satisfy the criteria specified by the ECB, they will not be eligible collateral for the Eurosystem. Each of the issuer, the seller, the arranger, the lead managers, the security trustee and the note trustee gives no representation, warranty, confirmation or guarantee to any investor in such notes that such notes will, either upon issue, or at any or at all times during their life, satisfy all or any requirements for Eurosystem eligibility and be recognized as Eurosystem eligible collateral. Any potential investor in such notes should make its own conclusions and seek its own advice with respect to whether or not such notes constitute Eurosystem eligible collateral.

CERTAIN REGULATORY REQUIREMENTS

UK Securitisation Regulation

The seller, in its capacity as the originator, for the purposes of Article 6 of the UK Securitisation Regulation, 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) will agree not to hedge, sell or otherwise mitigate such risk.

Any change to the manner in which such interest is held will be notified to noteholders in accordance with the conditions and the requirements of the UK Securitisation Regulation.

The seller has provided a corresponding undertaking with respect to: (i) the provision of such investor information and compliance with the requirements of Article 7(e)(iii) of the UK Securitisation Regulation (the **UK Transparency Requirements**) by confirming the risk retention of the seller as contemplated by Article 6(1) of the UK Securitisation Regulation as specified in the paragraph above; and (ii) the interest to be retained by the seller as specified in the introductory paragraph above to the dealers in the programme agreement and to the issuer, the issuer security trustee and the note trustee on behalf of the noteholders pursuant to the issuer deed of charge. The note trustee shall have the benefit of certain protections contained in the Trust Deed in relation to the compliance of the seller with such undertaking.

The seller will undertake to comply with any applicable requirements under Article 7 of the UK Securitisation Regulation and the corresponding implementing measures from time to time in respect of any relevant notes, in accordance with any guidance in relation to it that is then current and issued by the FCA.

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 Transparency Requirements and will either fulfil such requirements itself or shall procure that such requirements are complied with on its behalf. See "**Listing and general information—Investor reports and information—Reporting under the UK Securitisation Regulation**".

As to the information made available to prospective investors by the issuer, reference is made to the information set out herein and forming part of this base prospectus and to the other documents and information which will be made available to potential investors upon request in accordance with the Securitisation Regulation. See "**Listing and general information—Investor reports and information—Reporting under the UK Securitisation Regulation**".

EU Securitisation Regulation

The seller, in its capacity as the originator, for the purposes of Article 6 of the EU Securitisation Regulation, 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 (as defined below) due to the application of an equivalence 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 that 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.

The issuer may specify in the relevant final terms for any issuance of a series of notes that, in respect of such series of notes, the seller will undertake to procure: (i) the provision of such investor information and compliance with the requirements of Article 7(e)(iii) of the EU Securitisation Regulation (the **EU Transparency Requirements**) by confirming the risk retention of the seller as contemplated by Article 6(1) of the EU Securitisation Regulation as specified in the paragraph above; and (ii) the interest to be retained by the seller as specified in the introductory paragraph above to the dealers in the programme agreement and to the issuer, the issuer security trustee and the note trustee on behalf of the noteholders pursuant to the issuer deed of charge. The note trustee shall have the benefit of certain protections contained in the Trust Deed in relation to the compliance of the seller with such undertaking.

Investors should note that 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 Transparency 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.

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 and will either fulfil such requirements itself or shall procure that such requirements are complied with on its behalf. See "**Listing and general information—Investor reports and information—Reporting under the UK 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 issuer, the arranger, the dealers, the lead managers, the seller or any of the other transaction parties makes any representation that the information described above or elsewhere in this base prospectus 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 notes**" for further information on the implications of the UK Securitisation Regulation, 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 place 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—Underwriting—Lending criteria**"; and

(b) systems to administer and monitor the loans, including the management of loans in arrears, as to which please see the section "**Servicing Agreement**".

U.S. credit risk retention

Pursuant to the U.S. Credit Risk Retention Requirements, the seller (or a wholly-owned affiliate of the seller) is required to acquire and retain an economic interest in the credit risk of the interests created by the issuer on the closing date of each issuance of notes and, in the case of a revolving pool securitisation, on a monthly basis thereafter, and in the case of the class Z notes, at each issuance of such notes (each, a **Retention Calculation Date**). The seller initially 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 notes issued by the issuer, other than any notes that are at all times held by the seller or one or more of its wholly-owned affiliates, calculated as of each Retention Calculation Date in all cases in accordance with U.S. Credit Risk Retention Requirements.

If on any Retention Calculation Date the seller share is less than 5 per cent of the aggregate outstanding principal balance of all notes issued by the issuer, other than any notes that are at all times held by the seller or one or more of its wholly-owned affiliates, 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 persists for two consecutive trust calculation dates, 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 notes issued by the issuer, 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 amortization period commences for all outstanding notes and the seller was in compliance with the risk retention requirements as of the commencement of early amortization, and no additional notes are issued thereafter.

At any time that it relies on the seller share to comply with the U.S. Credit Risk Retention Requirements, the seller will not (i) transfer to any party other than a wholly-owned affiliate any portion of its seller share that is required to be maintained to ensure such compliance, and (ii) enter into any derivative, agreement or position that reduces or limits its financial exposure to such seller share to the extent such activities would be prohibited hedging activities in accordance with 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. For purposes of the foregoing, a "wholly-owned affiliate" of the seller will include any entity (other than the issuer) that, directly or indirectly, wholly controls, is wholly controlled by, or is wholly under common control with, the seller, and "wholly controls means ownership of 100% of the equity of the relevant entity.

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 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—Investor reports and information**".

Rule 15Ga-2 under the Exchange Act

Rule 15Ga-2, which became effective on 15 June 2015, requires any issuer or underwriter of asset-backed securities (including securitisations of residential and commercial mortgage loans as well as other asset classes) rated by a nationally recognized statistical rating organisation to furnish a form (a **Form ABS-15G**) via the SEC's EDGAR database describing the findings and conclusions of any third-party due diligence report obtained by the issuer or underwriter. Notably, the filing requirements apply to both publicly registered offerings and unregistered securitisations of assets offered within the United States such as those relying on Rule 144A. A third party due diligence report is any report containing findings and conclusions relating to due diligences services, which are defined as a review of pool assets for the purposes of issuing findings on: (1) the accuracy of the asset data; (2) determining whether the assets conform to stated underwriting standards; (3) asset value(s); (4) legal compliance by the originator; and (5) any other factor material to the likelihood that the issuer will pay interest and principal as required. These due diligence services are routinely provided by third-party due diligence vendors in asset-backed securities structured transactions and affect their credit ratings.

A Form ABS-15G containing diligence findings and conclusions with respect to a third party due diligence report prepared for the purpose of the transaction contemplated by this base prospectus will be prepared and furnished by the issuer to the SEC pursuant to Rule 15Ga-2 and will be publicly available in advance of any issuance. Any Form ABS-15G filed via the SEC's EDGAR database is not and will not be, by this reference or otherwise, incorporated into this base prospectus or the relevant final terms and should not be relied upon by any prospective investor as a basis for making a decision to invest in any notes. Prospective investors should rely exclusively on this base prospectus and the relevant final terms.

OVERVIEW OF PORTFOLIO AND SERVICING

Please refer to the sections entitled "**The mortgage sale agreement**", "**The loans**" and "**Servicing Agreement**" for further detail in respect of the characteristics of the portfolio and the sale and the servicing arrangements in respect of the portfolio. Note: Final terms (or, in the case of exempt notes, a pricing supplement) for each Series will contain further pool stratification information.

Sale of portfolio

On the initial closing date (as defined below) and on various subsequent dates, Nationwide (in its capacity as the seller) sold further portfolios (each of the portfolios consisting of loans and their related security and all monies derived therefrom from time to time) to the mortgages trustee. From time to time, the seller may sell further new loans and their related security to the mortgages trustee in order to increase or maintain the size of the trust property.

Each of the English loans is governed by the laws of England and Wales, each of the Scottish loans is governed by the laws of Scotland and each of the Northern Irish loans is governed by the laws of Northern Ireland.

Please refer to "**The mortgage sale agreement**" for more details.

Features of loans

The following is a summary of certain features of the loans. Investors should refer to, and carefully consider, further details in respect of the loans as set out in the applicable final terms (or, in the case of exempt notes, the applicable pricing supplement).

Type of borrower	Individuals.
Type of mortgage:	Subject to, in relation to a right to buy loan, any charge or security which may arise or be granted in favour of the relevant local authority (or in Northern Ireland, the Northern Ireland Housing Executive) which has not been postponed, and subject to, in certain appropriate cases, the completion of an application for registration at the Land Registry, the Registers of Scotland or the Registers of Northern Ireland, each mortgage constitutes a valid and subsisting first charge by way of legal mortgage or (in Scotland) first ranking standard security over the relevant property or (in Northern Ireland) a valid and subsisting first charge (in relation to registered land) or a valid and subsisting first mortgage by way of demise or sub-demise (in relation to unregistered land) except in relation to flexible advances linked to loans entered into before 1 September 2002 in which case the mortgage securing the relevant advance

		constitutes a valid and subsisting second ranking charge by way of legal mortgage or (in Scotland) second ranking standard security over the relevant property or (in Northern Ireland) a valid and subsisting second charge (in relation to registered land) or a valid and subsisting second mortgage by way of demise or sub-demise (in relation to unregistered land) behind the mortgage securing the balance of the relevant loan;
	Type of loan	Repayment loan, interest only loan, or a combination of these options.
	Self-certified loans	No
	Equity release loans	No
	Fast-track loans	Yes
	Buy-to-let loans	No
	Offset loans	No

It should be noted that new types of loans may be sold to the mortgages trustee (in which case representations and warranties in the mortgage sale agreement will be modified as required to accommodate such new types of loans). The prior consent or sanction of the noteholders to the requisite amendments will not be required to be obtained, provided that the conditions for the sale of new loan types to the mortgages trustee have been satisfied and the rating agencies have confirmed that the relevant amendments will not result in a reduction, qualification or withdrawal of the current ratings of the notes.

Consideration

The consideration for the sale of the loans and their related security into the portfolio on each sale date shall consist of the aggregate of (i) the initial purchase price, (ii) to the extent that the initial purchase price is less than the aggregate true balance of the loans to be transferred on any sale date, an increase in the seller share of the trust property and (iii) deferred purchase price.

Representations and warranties

The seller will make representations and warranties in relation to each loan and its related security on the sale date that the relevant loan (including each further advance or product switch) together with its related security is sold to the mortgages trustee.

In addition to representations and warranties in respect of the legal nature of the loans and their related security (e.g. the valid, binding and enforceable nature of the relevant loan and the related security), the representations and warranties will include (but not be limited to):

- each loan was originated by the seller or by another member of the Nationwide group in the ordinary course of business pursuant to underwriting standards that were no less stringent than those that the seller or the relevant member of the Nationwide group applied at the time of origination to similar loans that are not securitised and was denominated in pounds sterling upon origination (or was denominated in euro upon origination if the euro has been adopted as the lawful currency of the United Kingdom);

- the first two monthly payments due in respect of each loan have been paid by the relevant borrower;

- no loan has a true balance of more than £1,000,000;

- each loan has a remaining term of less than 40 years as at the relevant sale date;

- prior to the making of each advance under a loan, the lending criteria of the relevant originator as at the date of origination and all preconditions to the making of any loan were satisfied in all material respects;

- so far as the seller is aware, other than with respect to monthly payments, no borrower is or has, since the date of execution of the relevant mortgage, been in material breach of any obligations owed in respect of the relevant loan or its related security and accordingly no steps have been taken by the seller to enforce any related security;

- the total amount of interest or principal in arrears, together with any fees, commissions and premiums payable at the same time as that interest payment or principal repayment, on any loan is not as at the relevant sale date in respect of that loan, nor has been during the 12 months immediately preceding the relevant sale date, more than the amount of the monthly payment then due;

- the final maturity date of the loan is no later than the later of (i) 2 January 2053 and (ii) the earliest final maturity date of any outstanding notes (other than any notes designated in the applicable final terms (or, in the case of exempt notes, the applicable pricing supplement) money market notes for the purposes of Rule 2a-7 under the Investment Company Act and any notes with a final maturity date of 21 January 2055) minus 2 years;

- no loan has been entered into as a consequence of any conduct constituting fraud of the seller and, to the best of the seller's knowledge, no loan has been entered into fraudulently by the relevant borrower;

- subject to, in relation to a right to buy loan, any charge or security which may arise or be granted in favour of the relevant local authority (or in Northern Ireland, the Northern Ireland Housing Executive) which has not been postponed, the whole of the true balance on each loan is secured by a mortgage over residential property;

- all of the properties are located in England, Wales, Scotland or Northern Ireland;

- subject to registration or recording at the Land Registry or the Registers of Scotland or the Registers of Northern Ireland (as the case may be), the seller has good title to, and is the absolute unencumbered legal and beneficial owner of, all property, interests, rights and benefits in relation to the loans and related security agreed to be sold and/or assigned by the seller to the mortgages trustee under the mortgage sale agreement;

- none of the loans sold by the seller to the mortgages trustee is a buy-to-let loan or staff loan;

- in relation to each loan where the initial advance was made for the purpose of construction of a dwelling, all advances have been made under such loan and the dwelling has been signed off as complete by a valuer;

- the seller has, since the making or acquisition of each loan, kept or procured the keeping of full and proper accounts, books and records as are necessary to show all material transactions, payments, receipts, proceedings and notices relating to such loan; and

- the rate of interest under each loan is charged in accordance with the standard documentation, subject to the terms of any offer letter in relation thereto.

For further details, please see "**The mortgage sale agreement—Representations and warranties**".

Eligibility criteria

Any loans and the related security sold to the mortgages trustee on a sale date must comply with, among other things, the following criteria:

- compliance with certain representations and warranties (further to which see "**The mortgage sale agreement—Representations and warranties**";

- origination in accordance with seller's lending criteria applicable at the time of their origination (the seller's current lending criteria are described further in "**The loans—Underwriting—Lending criteria**");

- limits on aggregate balance of loans sold;

- limits on changes in the product of the weighted average foreclosure frequency (**WAFF**) and the weighted average loss severity (**WALS**);

- minimum yield; and

- maximum LTV for the loans in the mortgages trust.

See a description of these conditions in "**The mortgage sale agreement—Conditions for sale of loans**".

Repurchase of the mortgage loans and related security

The seller will, upon receipt of notice, repurchase the relevant mortgage loans and their related security in the following circumstances:

- save with respect to product switches and further advances (regarding which see below), upon breach of loan representations and warranties made by the seller in relation to the loan (subject to a 20 London business days grace period);

- if certain determinations are made in respect of the loan by a court or other competent authority or any ombudsman; and

- loans in the portfolio subject to product switches and further advances will only be required to be repurchased by the seller 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 trust calculation date immediately following the end of the trust calculation period in which the product switch or further advance takes place, the relevant loan does not comply with the conditions precedent for product switches or further advances applicable to such loan, as described below in "**The mortgage sale agreement—Conditions for product switches and further advances**".

See "**The mortgage sale agreement—Repurchase of loans**".

Following the redemption in full of all Class A Notes issued and outstanding prior to 14 November 2023, the seller shall have the right to repurchase the seller share repurchase loans in the manner provided below.

If, on any trust calculation date, the seller has determined, in accordance with the provisions of the mortgages trust deed, the minimum seller share, taking into account the current outstanding principal balance of the loans constituting the trust property, is sufficient to maintain the minimum seller share then the seller may during the immediately following trust calculation period select at random loans with an aggregate outstanding principal balance determined at the seller's discretion (not exceeding the amounts

	required to ensure that the seller continues to comply with the requirement to maintain the minimum seller share) (the "**seller share repurchase loans**") and offer the mortgage trustee to sell the seller share repurchase loans comprised in the trust property and its related security to the seller. The mortgages trustee shall accept such offer by immediately delivering a loan repurchase notice (in the form set out in the mortgage sale agreement). Such repurchase shall be conditional on (A) the seller delivering a certificate certifying the minimum seller share and the then current outstanding principal balance of the loans (each as of the relevant trust calculation date), and (B) Moody's having confirmed that there would not be a reduction, qualification or withdrawal by it of the then current ratings of the rated notes as a consequence of such repurchase (provided always that the requirement for a confirmation from Moody's shall no longer be applicable if the removal of this requirement would not, in the Seller's reasonably held opinion, cause a reduction, qualification or withdrawal by Moody's of the then current ratings of the Rated Notes as a consequence of any such repurchase). The repurchase shall be completed in accordance with the mortgage sale agreement. For avoidance of doubt, amounts paid by the seller into the mortgage trustee GIC account pursuant to a loan repurchase notice shall be treated as mortgages trust available principal receipts, to the extent representing the principal portion of the relevant repurchased loans, and the remaining amount shall be treated as the mortgages trust available revenue receipts. See "**The mortgage sale agreement – General ability to repurchase**".
Consideration for repurchase	Consideration payable by the seller in respect of the repurchase of the mortgage loans shall be an amount equal to the true balance of those loans (and in the case of product switches and further advances this shall be at the end of the trust calculation period in which the product switch or further advance takes place, as calculated on the trust calculation date immediately following the end of such trust calculation period).
Perfection events	Transfer of the legal title to the relevant mortgage loans will be completed on the occurrence of certain perfection events, which include insolvency of the seller (as to which see "**The mortgage sale agreement—Transfer of legal title to the mortgages trustee**").
	Prior to the completion of the transfer of legal title to the relevant loans, the mortgages trustee will hold only the equitable title to those loans (or in the case of Scottish loans, the beneficial interest in those loans pursuant to the Scottish declaration of trust) and will therefore be subject to certain risks as set out in the risk factor entitled "**There may be risks associated with the fact that the mortgages trustee has no legal title to the loans and their related security, which may adversely affect payments on your notes**" in the section entitled "**Risk Factors**".
Servicing of the portfolio	The servicer has been appointed by the mortgages trustee to service the portfolio on a day-to-day basis. The appointment of the servicer may be terminated, upon written notice to the servicer,

by the mortgages trustee and/or any beneficiaries (in respect of Funding 1, with the prior written consent of the Funding 1 security trustee) upon occurrence of the following events (the each a **servicer termination event**):

- an insolvency event occurs in relation to the servicer;
- material non-performance of its obligations (subject to a 20 London business days grace period); or
- default in payment of any amount due (subject to a seven London business days grace period).

Under the terms of the servicing agreement, following a servicer termination event, the mortgages trustee and Funding 1 shall use their best endeavours to appoint a substitute servicer (i) with the required licenses, approvals, authorisations and consents, (ii) with a management team with experience of administering mortgages of residential property in the United Kingdom, (iii) who enters into an agreement substantially on the same terms as the relevant provisions of the servicing agreement, and (iv) approved by the mortgages trustee and the beneficiaries.

The servicer may also resign upon giving 12 months' notice provided a replacement servicer has been appointed by the issuer and trustee.

See also described below in "**Termination of appointment of the servicer**" and "**Resignation of the servicer**".

Delegation

The servicer may delegate some of its servicing function to a third party provided that the servicer remains responsible for the performance of any of its servicing function so delegated. Please see "**Servicing Agreement—Right of delegation by the servicer**" for further details.

OVERVIEW OF THE TERMS AND CONDITIONS OF THE NOTES

*Please refer to section entitled "**Terms and conditions of the notes**" for further detail in respect of the terms of the notes.*

Ranking	The notes of each series are direct, secured and unconditional obligations of the issuer which will at all times rank *pari passu* and *pro rata* with each other series of notes of the same class (or sub-class) without preference or priority amongst themselves. Each series will rank *pari passu* with each other series of notes of the same class with respect to the cashflows available to that series secured by first fixed security both prior to and following enforcement. The class A notes of each series will rank without preference or priority among themselves and with the class A notes of other series, but in priority to each series of class B notes, each series of class M notes, each series of class C notes, each series of class D notes and each series of class Z notes. The class B notes of each series will rank without preference or priority among themselves and with the class B notes of other series, but in priority to each series of class M notes, each series of class C notes, each series of class D notes and each series of class Z notes. The class M notes of each series will rank without preference or priority among themselves and with the class M notes of other series, but in priority to each series of class C notes, each series of class D notes and each series of class Z notes. The class C notes of each series will rank without preference or priority among themselves and with the class C notes of other series, but in priority to each series of class D notes and each series of class Z notes. The class D notes of each series will rank without preference or priority among themselves and with the class D notes of other series, but in priority to each series of class Z notes. The class Z notes of each series will rank without preference or priority among themselves and with the class Z notes of other series.
Relationship between a particular series of notes and the corresponding term advance	Prior to the service of an intercompany loan acceleration notice, the issuer will, in accordance with the relevant issuer pre-enforcement priority of payments, pay interest on and repay principal of each series of notes from the proceeds of interest payments and principal repayments made by Funding 1 under the corresponding term advances under the intercompany loan agreement. The issuer will only receive a principal repayment in respect of such term advance if certain repayment tests are satisfied including, but not limited to, whether, following such repayment there would be sufficient credit enhancement on that date for each outstanding class of notes, either in the form of lower ranking classes of notes or other forms of credit enhancement (as to which, see "**Cashflows—Distribution of Funding 1 available principal receipts**").
Issuer security	As security for the payment of all monies payable in respect of the notes of a series, the issuer has, pursuant to the issuer deed

of charge, created the following security in favour of the issuer security trustee for itself and on trust for, *inter alios*, the noteholders of each series:

- an assignment by way of first fixed security (which may take effect as a floating charge) of all of its rights benefits and interests under the transaction documents to which it is a party including the intercompany loan agreement, the Funding 1 deed of charge, the issuer swap agreements, the issuer swap guarantees (if any), the paying agent and agent bank agreement, the programme agreement, the subscription agreements, the issuer corporate services agreement, the issuer bank account agreement and the issuer cash management agreement;

- a first ranking fixed charge (which may take effect as a floating charge) over all of the issuer's right, benefit, interest and title present and future in respect of any amounts standing from time to time to the credit of the issuer bank accounts including all interest paid and payable in relation to those amounts and all debts represented by those amounts;

- a first ranking fixed charge (which may take effect as a floating charge) over all of the issuer's right, title, interest and benefit in respect of all authorised investments made by or on behalf of the issuer, including all monies and income payable under them; and

- a first floating charge over all of the issuer's property, assets and undertakings not already effectively charged under the security interests described above (including all the issuer's property, assets and undertaking situated in Scotland or governed by Scots law, or situated in Northern Ireland or governed by Northern Irish law).

Funding 1 security

To secure its obligations to the Funding 1 secured creditors, Funding 1 has entered into the Funding 1 deed of charge with, *inter alios*, the Funding 1 security trustee pursuant to which it has granted the following security interests:

- an assignment by way of first fixed security (which may take effect as a floating charge) of the Funding 1 share of the trust property;

- an assignment by way of first fixed security (which may take effect as a floating charge) of all of its right, benefit and interest in the transaction documents to which it is a party from time to time;

- a first ranking fixed charge (which may take effect as a floating charge) over all its rights, title, interest and benefit in the Funding 1 bank accounts, all amounts

	standing to the credit of those bank accounts from time to time and all authorised investments purchased using money standing to the credit of those bank accounts including all monies and income payable under them; and • a first floating charge over all of the property, assets and undertaking of Funding 1 not otherwise secured by any fixed security interest detailed above (but extending over all of Funding 1's property, assets and undertaking situated in Northern Ireland or governed by Northern Irish law, or situated in Scotland or the rights to which are governed by Scots law, all of which are charged by way of floating charge).
Acceleration	All notes will become immediately due and payable and the issuer security will become enforceable on the service on the issuer by the note trustee of a note acceleration notice. The note trustee will be entitled to serve a note acceleration notice at any time after the occurrence of a note event of default in respect of a series and class (or sub-class) of the most senior class of notes then outstanding (and it may do so (subject in each case to its being indemnified and/or secured to its satisfaction) using its own discretion or on the written request of the noteholders of the applicable class of notes across all series (holding in aggregate not less than 25% in principal amount outstanding of such class of notes) or pursuant to an extraordinary resolution of noteholders of a single meeting of noteholders of such class of notes) provided that, at such time, all notes ranking in priority to such class of notes have been repaid in full.
Interest provisions	Please refer to the final terms for the relevant series of notes (or, in the case of exempt notes, the applicable pricing supplement) for the applicable interest provisions.
Interest deferral	The issuer is not permitted to defer payments of interest due on any interest payment date in respect of the then most senior class of notes then outstanding and the failure to pay interest on such notes will be a note event of default (subject to a three business days grace period). The issuer may defer payments of interest on subordinated classes of notes (not being the most senior class of notes then outstanding), and a failure to pay interest on such subordinated classes of notes will not be a note event of default until the final maturity date of the applicable subordinated notes.
Gross-up	None of the issuer, any paying agent or any other person will be obliged to gross-up payments to noteholders if there is any withholding or deduction for, or on account of, taxes in respect of any payments on the notes.
Redemption	The notes are subject to the following optional or mandatory redemption events: • each series will be subject to mandatory early redemption in part or in full in accordance with the

terms and conditions of the notes for that series, as fully set out in Condition 5;

- optional redemption of a class (or sub-class) exercisable by the issuer (in whole but not in part unless otherwise specified in the applicable final terms (or, in the case of exempt notes, the applicable pricing supplement)) on the date specified as the optional redemption date or step-up date (if any) for such notes in the applicable final terms (or, in the case of exempt notes, the applicable pricing supplement) and on any interest payment date for such notes thereafter, as fully set out in Condition 5; and

- optional redemption exercisable by the issuer in whole for tax reasons, as fully set out in Condition 5.

Any note redeemed pursuant to the above redemption provisions will be redeemed at an amount equal to the principal amount outstanding of the relevant note to be redeemed together with accrued (and unpaid) interest on the principal amount outstanding of the relevant note up to (but excluding) the date of redemption. Zero coupon notes shall be redeemed in an amount equal to the amortised face amount as calculated pursuant to the formula set out in Condition 5.

Early amortisation, delay in the repayment of notes or non-payment in full of notes by their final maturity date

Early amortisation, a delay in the repayment of notes or a risk that notes may not be repaid by their final maturity date may be caused by either an asset trigger event, a non-asset trigger event or the enforcement of the issuer security or the Funding 1 security.

Following the occurrence of a pass-through trigger event, each series and class of notes will become a series and class of pass-through notes and each term advance will become a pass-through term advance (to the extent not already constituted as a series and class of pass-through notes or a pass-through term advance). Principal repayments in respect of each term advance (as to which see "**The occurrence of an asset trigger event or enforcement of the issuer security or the Funding 1 security may accelerate the repayment of certain notes and/or delay the repayment of other notes**" and "**The occurrence of a non-asset trigger event may accelerate the repayment of certain notes and/or delay the repayment of other notes**") will be made by Funding 1 on each Funding 1 payment date and the issuer will, also on each issuer payment date, apply the proceeds of such principal repayments, which are available for payment, in repayment of the notes in accordance with the applicable issuer priority of payments but without regard to the scheduled amounts which would otherwise have been due in respect of the bullet notes and the scheduled amortisation notes and the dates on which such amounts would otherwise have been due. This may cause certain series and classes of notes to be repaid more rapidly than expected and other series and classes of notes to be repaid more slowly than expected and there is a risk that such

notes may not be repaid by their final maturity date. See "**The occurrence of a pass-through trigger event may accelerate the repayment of certain notes and/or delay the repayment of other notes**".

Note event of default

As fully set out in Condition 9, a note event of default broadly includes (where relevant, subject to the applicable grace period):

- non-payment of principal on any note of the relevant series and/or non-payment of interest on any note of the relevant series, in which case when and as such payment ought to be made in accordance with the terms and conditions of the notes, and in each case in relation only to the most senior class of notes then outstanding (subject to a three business days grace period);
- breach of contractual obligations by the issuer under the transaction documents that are material in the context of the most senior class of notes then outstanding (subject to a 20 business days grace period);
- certain insolvency related events (unless in certain of the cases it has been approved by the holders of the most senior class of notes then outstanding); or
- an intercompany loan acceleration notice is served under the intercompany loan agreement.

Limited recourse

The notes are limited recourse obligations of the issuer. Where, following the realisation and application of the issuer security, amounts under the notes are not paid in full, any such unpaid amounts shall be deemed to be discharged in full and any relevant payment rights shall be deemed to cease as described in more detail in Condition 10.

Enforcement

Following a note event of default, the issuer security trustee shall be bound to institute proceedings to enforce the issuer security if directed by the note trustee to do so (which direction may be at the discretion of the note trustee or as directed by resolutions of the noteholders or if so requested in writing by the appropriate majority of noteholders), and having first been indemnified and/or secured to its satisfaction, pursuant to the issuer deed of charge.

Non petition

The noteholders shall not be entitled to take any steps (otherwise than in accordance with the note trust deed) to recover amounts owing to them unless the issuer security trustee or the note trustee, as applicable, has become bound to institute such proceedings and has failed to do so within a reasonable time of becoming so bound and such failure is continuing, provided that, no noteholder will be entitled to commence proceedings for the winding up or administration of the issuer unless there are no outstanding notes of a class with higher priority, or if notes of a class with a higher priority are outstanding, there is consent of noteholders of not less than one quarter of the aggregate

	principal amount of notes outstanding (as defined in the note trust deed) of the class or classes of notes with higher priority or pursuant to an extraordinary resolution of the holders of such class of notes.
Governing Law	The notes are governed by, and shall be construed in accordance with English law.
ERISA	Subject to certain conditions, notes specified in the applicable final terms (or, in the case of exempt notes, the applicable pricing supplement) as ERISA-eligible may be offered or sold to Benefit Plan Investors (as defined in "**ERISA Considerations**"). See "**ERISA Considerations**".

OVERVIEW OF RIGHTS OF NOTEHOLDERS

*Please refer to sections entitled "**Terms and conditions of the notes**" for further detail in respect of the rights of noteholders, conditions for exercising such rights and relationship with other issuer secured creditors.*

Convening a meeting	Meetings of the noteholders to consider matters relating to the notes of one or more classes will be convened by the issuer or the note trustee at any time and the note trustee when it is requested to do so by noteholders holding no less than one-tenth in principal amount of the notes of any class for the time being outstanding. If the issuer makes a default for a period of seven days in convening such a meeting, the same may be convened by the note trustee or the requisitionists. Noteholders can also participate in a noteholders' meeting convened by the issuer or the note trustee to consider any matter affecting their interests. Every such meeting shall be held at such time and place as the note trustee may appoint or approve, provided that the place shall be a location in the United Kingdom (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. However, unless the issuer has an obligation to take such action under the relevant transaction documents, so long as no note event of default has occurred and is continuing, the noteholders are not entitled to instruct or direct the issuer to take any actions, either directly or through the note trustee, without the consent of the issuer and, if applicable, certain other transaction parties.
Enforcement	At any time after the notes become due and repayable, the issuer security trustee shall be bound to take action to enforce payment of the relevant series of notes if it has been so directed by the note trustee (which direction may be at the discretion of the note trustee or as directed by resolutions of the noteholders or so requested in writing by the appropriate majority of noteholders), providing the issuer security trustee has been indemnified and/or secured to its satisfaction. Noteholders may institute proceedings against the issuer to enforce their rights under or in respect of the notes, or the issuer deed of charge only if (i) the note trustee or the issuer security trustee has become bound to institute proceedings and has failed to do so within a reasonable time of becoming so bound; and (ii) such failure is continuing provided that no noteholder will be entitled to commence proceedings for the winding up or administration of the issuer unless there are no outstanding notes of a class with a higher priority, or if the notes of a class with higher priority are outstanding, consent of the relevant majority of the noteholders is obtained in respect of the class or classes of notes with higher priority or pursuant to an extraordinary resolution of the holders of such class of notes.

Noteholders meeting provisions **Notice periods**

Initial Meeting:	21 clear days (and no more than 365 clear days) for the initial meeting
Adjourned Meeting:	No less than 13 clear days and no more than 42 clear days for the adjourned meeting

Quorum

Ordinary resolution:

Initial Meeting: one or more persons present holding or representing not less than one-twentieth of the aggregate principal amount outstanding of notes of the relevant series and class.

Adjourned Meeting: one or more persons being or representing noteholders whatever the aggregate principal amount outstanding of the notes so held or represented.

Extraordinary resolution:

Other than in respect of a basic terms modification or programme resolution:

Initial Meeting: two or more persons present holding or representing not less than 50 per cent. in aggregate principal amount outstanding of the notes of the relevant series and class.

Adjourned Meeting: one or more persons being or representing noteholders of the relevant series and class, whatever the aggregate principal amount outstanding of the notes so held or represented.

Basic terms modification:

Initial Meeting: one or more persons present holding or representing not less than three quarters of the aggregate principal amount outstanding of the notes of the relevant series and class for the time being outstanding.

Adjourned Meeting: one or more persons present holding or representing not less than one quarter of the aggregate principal amount outstanding of the notes of the relevant series and class for the time being outstanding.

Programme resolution:

Initial Meeting: two or more persons holding or representing not less than 50 per cent. of the aggregate principal amount outstanding of the notes of the relevant series or class.

Adjourned Meeting: one or more persons being or representing noteholders of the relevant series or class, whatever the aggregate principal amount outstanding of such series or class of notes so held or presented by them.

Required Majorities

Resolution:	Simple majority.
Extraordinary Resolution:	75% of votes cast for matters requiring extraordinary resolution
Written Resolution:	A resolution signed by or on behalf of all the noteholders of any sub-class or sub-classes shall for all purposes be valid and effective as an extraordinary resolution passed at a meeting of holders of such series or class.

Matters requiring extraordinary resolution

Broadly speaking, an extraordinary resolution will be required in order to.

- effect a basic terms modification (in respect of each series of notes) (please see condition 11 for more details on a basic terms modification);
- sanction a modification of, or any waiver or authorisation of any breach, or proposed breach of, any of the provisions of the transaction documents or the conditions of such notes;
- sanction any compromise or arrangement proposed to be made between the issuer, the note trustee, any appointee of the note trustee and the noteholders or any of them;
- appoint any persons (whether noteholders or not) as a committee or committees to represent the interests of the noteholders and to confer upon such committee or committees any powers or discretions which the noteholders could themselves exercise by extraordinary resolution;
- give any authority or sanction which under the provisions of the terms and conditions or the note trust deed is required to be given by extraordinary resolution;
- sanction any abrogation, modification, compromise or arrangement in respect of the rights of the note trustee, any appointee of the note trustee, the noteholders or the issuer against any other or others of them or against any other party to any of the transaction documents or against any of their property whether such rights shall

arise under the note trust deed, any other transaction document or otherwise;

- assent to any modification of the provisions of the terms and conditions, the note trust deed or any other transaction document which shall be proposed by the issuer, the note trustee, or any noteholder or any other person;

- discharge or exonerate the note trustee and/or any appointee of the note trustee from all liability in respect of any act or omission for which the note trustee and/or such appointee may have become responsible under the note trust deed;

- authorise the note trustee and/or any appointee of the note trustee to concur in and execute and do all such deeds, instruments, acts and things as may be necessary to carry out and give effect to any extraordinary resolution;

- sanction any scheme or proposal for the exchange or sale of the notes for or the conversion of the notes into or the cancellation of the notes in consideration of shares, stock, notes, bonds, debentures, debenture stock and/or other obligations and/or notes of the issuer or any other company formed or to be formed, or for or into or in consideration of cash, or partly for or into or in consideration of such shares, stock, notes, bonds, debentures, debenture stock and/or other obligations and/or notes as aforesaid and partly for or into or in consideration of cash and for the appointment of some person with power on behalf of the noteholders to execute an instrument of transfer of the definitive notes held by them in favour of the persons with or to whom the notes are to be exchanged or sold respectively;

- accelerate following a note event of default (which may also be requested in writing by a majority of the noteholders);

- appoint a new note trustee; and

- remove any trustee or trustees for the time being of the note trust deed.

Please refer to Condition 11 for further details.

Relationship between classes of noteholders

No extraordinary resolution by one class to sanction a modification of, or any waiver or authorisation of any breach, or proposed breach of, any of the provisions of the transaction documents or the conditions of the notes shall take effect unless it has been sanctioned by an extraordinary resolution of all other classes of notes, or the note trustee is of the opinion that it would

not be materially prejudicial to the respective interests of such other classes.

The issuer security trustee will exercise its rights under the issuer deed of charge in accordance with the directions of the note trustee, which will in turn act at its discretion or as directed by the noteholders. If there is a conflict between the interests of one class of noteholders of one series and the same class of noteholders of another series, then a resolution directing the issuer security trustee to take any action must be passed at separate meetings of the holders of each series of the relevant class of notes. Where the interests of one class of the noteholders conflicts with the interests of another class or classes of the noteholders, then the note trustee is to have regard only to the interests of the most senior class of notes outstanding.

Seller as noteholder

The seller will not have any voting rights that would ordinarily be exercisable by any other noteholder in respect of any portion of the notes purchased by it. For the avoidance of any doubt, where the seller has entered into a sale and repurchase agreement (or several of them) regarding any notes it did initially purchase whereby legal title to such notes has been transferred from the seller to another party, such notes will not be considered to have been purchased (and such other party or parties holding such notes may exercise voting rights) until such time as legal title is transferred back to the seller.

Relationship between noteholders and other issuer secured creditors

The note trustee will only take into account the interests of the noteholders in the exercise of its discretion, and not the interests of any other issuer secured creditor.

Provision of information to the noteholders

Information in respect of the underlying portfolio (in the form of a report prepared by the cash manager in relation to the issuer will be made available on the Nationwide website at http://www.nationwide.co.uk/investorrelations) (the website and the contents thereof do not form part of this base prospectus) will be provided to the investors on a monthly basis. Such reports may be issued more frequently at the discretion of the cash manager.

Communication with noteholders

Any notice to be given by the issuer or the issuer security trustee to noteholders shall be given in the following manner:

- so long as the notes are held in the clearing systems, by delivering to the relevant clearing system for communication by it to noteholders;
- via an alternative method sanctioned by and at the discretion of the note trustee; or
- sent by first class mail (or its equivalent) or (if posted to a non-UK address) by airmail at the respective address on the register and published in the Financial Times and for so long as amounts are outstanding on the Rule 144A notes, in a daily newspaper of general circulation in

New York (which is expected to be the New York Times).

In addition to the above, notice shall also be given to noteholders via a regulatory information service (such as the London Stock Exchange's Regulatory News Service).

OVERVIEW OF CREDIT STRUCTURE AND CASHFLOW

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

Mortgages trust

On 16 September 2008 (the **initial closing date**) and thereafter from time to time, Nationwide (in its capacity as seller), sold loans and their related security (which is the security for the repayment of a loan, including the relevant mortgage) to the mortgages trustee pursuant to the mortgage sale agreement.

From time to time, the seller has sold and may, subject to satisfaction of the conditions to sale in the mortgage sale agreement as set out in "**The mortgage sale agreement—Conditions for sale of loans**", sell further loans and their related security to the mortgages trustee. The loans are residential mortgage loans originated by Nationwide (or another member of the Nationwide group) and secured over residential properties located in England, Wales, Scotland and Northern Ireland.

The mortgages trust is a trust constituted under English law, with the mortgages trustee, for the benefit of the seller and each of the funding companies as beneficiaries. The mortgages trust is constituted for the programme described in this base prospectus and for the possibility of future financings by any further funding companies, as further described below.

The mortgages trustee holds the trust property on trust for the benefit of the seller, Funding 1 and (subject to the satisfaction of certain criteria) other funding companies that may be established from time to time (such entities being together **further funding companies** and each a **further funding company** and together with Funding 1, the **funding companies)** pursuant to a mortgages trust deed. The trust property includes the **portfolio**, which at any time consists of the loans and their related security held by the mortgages trustee together with any accrued interest on the loans and their related security. The trust property also includes any money in the mortgages trustee bank accounts. The **mortgages trustee GIC account** is the bank account in which the mortgages trustee holds any cash until it is transferred to the mortgages trustee transaction account on the next following distribution date.

Each of the seller, Funding 1 and any further funding companies has a joint and undivided interest in the trust property, but its entitlement to the proceeds from the trust property is in proportion to its respective share percentage, as further described below under "**The Mortgages Trust**".

Funding 1's beneficial interest in the trust property is referred to as the "**Funding 1 Share**" of the trust property, any further funding company' beneficial interest in the trust property is referred to as a **further funding company share** and the Seller's

beneficial interest in the trust property is referred to as the **seller share** of the trust property. The Funding 1 share, any further funding company share and the seller share of the trust property will be recalculated in accordance with the mortgages trust deed on each trust calculation date and will fluctuate over time. The applicable final terms (or, in the case of exempt notes, the applicable pricing supplement) will set out the approximate amounts of the Funding 1 share, any further funding company share and the seller share of the trust property as well as selected statistical information concerning the loans in the portfolio as at the relevant cut-off date.

When loans are sold to the mortgages trustee, the amount of the trust property will increase. Depending on the circumstances, the increase in the trust property may result in an increase in the seller share of the trust property, the Funding 1 share of the trust property and/or a further funding company share of the trust property.

The seller may sell loans to the mortgages trustee to increase the size of the trust property from time to time *inter alia* (i) in relation to an issue of a new series of notes by the issuer or an issue of new notes by a new issuer in respect of either Funding 1 or a further funding company (or both), (the proceeds of which may be applied to fund the purchase of the loans and their related security by the mortgages trustee); or (ii) to comply with the seller's obligations under the mortgage sale agreement as described under "**The mortgage sale agreement—Sale of loans and their related security to the mortgages trustee**".

Please refer to "**The Mortgages Trust—General legal structure**" and "**The Mortgages Trust—Fluctuation of shares in the trust property**" for more details.

Minimum seller share

The minimum seller share is designed to provide Funding 1 and any further funding company with a level of protection against certain transaction risks (including set-off risks etc.) by ensuring that these are collateralised by the seller share of the trust property. The size of the minimum seller share will fluctuate over time.

Please refer to "**The Mortgages Trust—Minimum seller share**" for more details.

Allocation of losses

Losses in respect of the portfolio are allocated *pro-rata* to the seller and Funding 1 and any further funding company according to their shares in the trust property.

Please refer to "**The Mortgages Trust—Losses**" for more details.

Available funds of the mortgages trustee

The cash manager, on behalf of the mortgages trustee, will apply mortgages trust available revenue receipts and mortgages trust available principal receipts on each distribution date in

accordance with the order of priority set out in the mortgages trust deed, as summarised below.

Mortgages trust available revenue receipts: These will, broadly, include the following:

(a) revenue receipts on the loans;

(b) interest received or payable to the mortgages trustee on the mortgages trustee GIC account and the mortgages trustee transaction account;

(c) the amount of any seller contribution received by the mortgages trustee;

(d) any amounts subsequently recovered from the mortgages trustee GIC account (while such amounts are collateralised pursuant to the cash management agreement) which were previously not capable of being withdrawn and ceased being mortgages trust available principal receipts or mortgages trust available revenue receipts;

less:

(e) any third party amounts;

provided that:

revenue amounts and amounts of interest accrued in respect of amounts which cannot be withdrawn from the mortgages trustee GIC account while such amounts are collateralised pursuant to the cash management agreement (including, without limitation, in the event of a moratorium on insolvency, bank insolvency, administration or bank administration of Nationwide or it being unable to pay these amounts) shall cease to constitute mortgages trust available revenue receipts; and

any amounts subsequently recovered in respect of such revenue amounts or amounts of interest from realisation of the related eligible collateral shall constitute mortgages trust available revenue receipts.

Mortgages trust available principal receipts: These will, broadly, include all principal receipts received under the loans during the previous trust calculation period; provided that principal amounts which cannot be withdrawn from the mortgages trustee GIC account while such amounts are collateralised pursuant to the cash management agreement (including, without limitation, in the event of a moratorium on insolvency, bank insolvency, administration or bank administration of Nationwide or it being unable to pay these amounts) shall cease to constitute mortgages trust available principal receipts; provided further, that any amounts subsequently recovered in respect of such principal

amounts from realisation of the related eligible collateral shall constitute mortgages trust available principal receipts. Amounts subsequently recovered in respect of such principal amounts from the mortgages trustee GIC account will not constitute mortgages trust available principal receipts but will instead constitute mortgages trust available revenue receipts.

On each trust calculation date, the cash manager will calculate and allocate to the Funding 1 share, any further funding company share and the seller share in respect of the mortgages trust available revenue receipts and the mortgages trust available principal receipts for the previous trust calculation period and will then apply the mortgages trust available revenue receipts and the mortgages trust available principal receipts on the following distribution date in accordance with the order of priority set out in the mortgages trust deed and summarised below. The way in which such shares and share percentages will be calculated in respect of any interim trust calculation period is described in the sections entitled "**Funding 1 share of trust property – interim trust calculation period** recalculations", "**Seller share of trust property – interim trust calculation period recalculation**" and "**Each further funding company**".

The mortgages trustee allocates principal receipts on the loans between Funding 1, any further funding company and the seller in amounts depending on whether Funding 1 is required to pay amounts on the intercompany loan on the next Funding 1 payment date or, as the case may be, such further funding company is required to pay amounts on term loans advanced to it on its next payment date, or Funding 1 or such further funding company, as the case may be, is accumulating cash to repay a bullet term advance or a scheduled amortisation instalment or equivalent, as the case may be.

Summary of order of priority of distribution of mortgages trust available revenue receipts and mortgages trust available principle receipts

Below is a summary of the order of priority of distribution of mortgages trust available revenue receipts and mortgages trust available principal receipts, as set out in full in the mortgages trust deed. Please refer to "**The Mortgages Trust—Mortgages trust calculation of revenue receipts**", "**The Mortgages Trust—Mortgages trust calculation of principal receipts**" and "**The Mortgages Trust—Cash management of trust property – principal receipts**" for further details.

Priority of payments with respect to mortgages trust available revenue receipts

1. payment to the seller of any seller accrued interest amounts received by the mortgages trustee.

2. payment of the fees of the mortgages trustee under the mortgages trust deed and to third parties from the mortgages

Priority of payments with respect to mortgages trust available principal receipts

Pre-Trigger Events:

1. allocation and payment to (i) the seller, in respect of any further contributions, of any special distribution which is then available and payable and (ii) Funding 1 and any further funding company (the

trustee in respect of the mortgages trust (subject to certain conditions).

3. payment of the fees of the servicer, cash manager, mortgages trustee corporate services provider and the mortgages trustee account bank.

4. allocation and payment of the Funding 1 share, any further funding company share and the seller share of the remaining mortgages trust available revenue receipts.

Please refer to "**The Mortgages Trust—Mortgages trust calculation of revenue receipts**" for more details, including certain rules applicable to the above priority

funding companies), in respect of any refinancing contributions, of any refinancing distribution which is then available and payable, each in accordance with the terms of the mortgages trust deed.

2. if any of the funding companies has a cash accumulation requirement on that distribution date, allocation and payment to Funding 1 and any further funding company of an amount equal to the lesser of (i) its relevant share percentage of the mortgages trust available principal receipts and (ii) its then relevant cash accumulation requirement.

3. allocation and payment to Funding 1 and any further funding company up to its relevant cash accumulation requirement, in each case taking into account any amounts received in accordance with 2 above.

4. if any of the funding companies has a repayment requirement on that distribution date, allocation and payment to Funding 1 and any further funding company of an amount equal to the lesser of (i) its relevant share of the mortgages trust available principal receipts and (ii) its relevant repayment requirement.

5. allocation and payment to Funding 1 and any further funding company up to its relevant repayment requirement, in each case taking into account any amounts received in accordance with 3 and 4 above.

6. provided that the seller share of the trust property on the immediately preceding trust calculation date is greater than the minimum seller share, allocation and payment to the seller of all remaining mortgages trust available principal receipts.

Please refer to "**The Mortgages Trust—Mortgages trust allocation and distribution of principal receipts prior to the occurrence of a**

trigger event" for more details, including certain rules applicable to the above priority.

Post non-asset trigger event:

On each distribution date, all mortgages trust available principal receipts will be applied by way of allocation and payment to the funding companies *pari passu* and *pro rata* according to the Funding 1 proportion and the applicable further funding company proportion respectively, until each of the Funding 1 share and the funding company share of each further funding company in the trust property (as calculated on the relevant trust calculation date falling in the immediately preceding trust calculation period) is zero. When the Funding 1 share of the trust property and each further funding company share of the trust property is zero, the remainder, if any, of such receipts will be allocated and paid to the seller (and, for the avoidance of doubt, such payments may reduce the seller share of the trust property to an amount less than the minimum seller share).

Post asset trigger event:

On each distribution date, all mortgages trust available principal receipts will be allocated and paid, *pari passu* and *pro rata*, to the funding companies and the seller according to the Funding 1 share percentage, the relevant further funding company share percentage and the seller share percentage, respectively (in each case as calculated on the relevant trust calculation date falling in the immediately preceding trust calculation period), until each of the Funding 1 share and each further funding company share is zero. Following the occurrence of an asset trigger event, the making of allocations and payments to the seller may reduce the seller share below the minimum seller share.

Please refer to "**The Mortgages Trust—Mortgages trust allocation and distribution of principal receipts on or after the occurrence of an asset trigger event**" for more details, including certain rules applicable to the above priority.

Term advances

The issuer will make term advances available to Funding 1 pursuant to the intercompany loan agreement from the proceeds of each series of notes (see "**Overview of the notes—Relationship between the notes and the**

intercompany loan"). The types of term advances (namely, bullet term advances, scheduled amortisation term advances and pass-through term advances) are described below under "**The intercompany loan agreement**".

The intercompany loan will consist of separate term advances, each corresponding to a particular series and class (or sub-class) of notes. The term advances will comprise term AAA advances, term AA advances, term A advances, term BBB advances, term BB advances and the term NR advances in each case, (except for the term NR advances), reflecting the designated credit rating assigned to such term advance (see "**The intercompany loan agreement—Ratings designations of the term advances**"). The term advance related to a series and class (or sub-class) of notes will be specified for such series and class (or sub-class) of notes in the applicable final terms (or, in the case of exempt notes, the applicable pricing supplement). The terms of each term advance will be set forth in the applicable final terms (or, in the case of exempt notes, the applicable pricing supplement) and intercompany loan confirmation.

Subject to the provisions of the relevant Funding 1 priority of payments (see "**Cashflows**"), Funding 1 will repay the intercompany loan from payments received from the mortgages trustee. Funding 1 is generally required to repay principal on the term advances based on their respective term advance ratings. This means that the term AAA advances are repaid before the term AA advances, which in turn are repaid before the term A advances, which in turn are repaid before the term BBB advances, which in turn are repaid before the term BB advances, which in turn are repaid before the term NR advances. Prior to the occurrence of a trigger event or the acceleration of the intercompany loan or the acceleration of all notes of each series, there are a number of exceptions to this priority of payments. For further information on such exceptions, you should read the "**Cashflows**" section of this base prospectus. In certain circumstances, payment on the scheduled amortisation term advances, bullet term advances and pass-through term advances will be deferred. See "**Cashflows—Distribution of Funding 1 available principal receipts**".

The issuer will make payments of interest on and principal of the notes from payments of interest

and principal made by Funding 1 to the issuer under the intercompany loan agreement.

Please refer to "**The intercompany loan agreement**" for further details, including the uses to which Funding 1 will put the proceeds of the term advances.

Available funds of Funding 1:

Funding 1 expects to have Funding 1 available revenue receipts and Funding 1 available principal receipts for the purposes of making interest and principal payments under the term advances and meeting its other obligations pursuant to the other transaction documents.

Funding 1 available revenue receipts.

On any Funding 1 payment date these will, broadly, consist of the following:

- all mortgages trust available revenue receipts distributed or to be distributed to Funding 1 during the then current interest period;
- other net income of Funding 1, including all amounts of interest received on the Funding 1 bank accounts (other than the Funding 1 swap collateral cash account and the Funding 1 GIC collateral custody account) and/or authorised investments (other than authorised investments made from amounts standing to the credit of the Funding 1 swap collateral cash account and the Funding 1 GIC collateral custody account), in each case to be received during the then current Funding 1 interest period;
- amounts to be received by Funding 1 on the relevant Funding 1 payment date under the Funding 1 swap agreement (excluding certain amounts, as set out in full under "**Cashflows—Definition of Funding 1 available revenue receipts**");
- amounts standing to the credit of the general reserve ledger, subject to any relevant limits or conditions, plus any amounts which will be credited to the general reserve ledger under item (a) of the relevant Funding 1 pre enforcement principal priority of payments on such Funding 1 payment date;

- if a Funding 1 liquidity reserve fund rating event has occurred and is continuing, and there are no amounts standing to the credit of the general reserve ledger, the amounts then standing to the credit of the Funding 1 liquidity reserve ledger and available to be drawn, (to the extent necessary to make certain payments for items in the Funding 1 pre-enforcement revenue priority of payments as set out in full under "**Cashflows—Definition of Funding 1 available revenue receipts**")

- if a Funding 1 liquidity reserve fund rating event has occurred but is no longer continuing due to an increase in the seller's rating since the preceding Funding 1 payment date, and Funding 1 elects to terminate the Funding 1 liquidity reserve fund, all amounts standing to the credit of the Funding 1 liquidity reserve ledger;

- any amounts standing to the credit of the Funding 1 liquidity reserve ledger in excess of the Funding 1 liquidity reserve fund required amount as a result of a reduction in the Funding 1 liquidity reserve fund required amount;

- (only to the extent required after making the calculation set out under "**Cashflows—Calculation of sufficiency of Funding 1 available revenue receipts**") the aggregate of all Funding 1 principal receipts (if any) which are applied on the relevant Funding 1 payment date to pay up to the applicable limits certain items in the Funding 1 pre-enforcement revenue priority of payments (as set out in full under "**Cashflows—Definition of Funding 1 available revenue receipts**");

- the amount (if any) standing to the credit of the general reserve fund in excess of the Funding 1 reserve required amount following the curing of an arrears or step-up trigger event (subject to provision for the item at the fourth bullet point above), but, for avoidance of doubt, excluding any Funding profit amount retained by

Funding 1 on any Funding 1 payment date; and

- any amounts subsequently recovered in respect of amounts credited to the Funding 1 collateralised GIC account which were previously not capable of being withdrawn and ceased being Funding 1 available principal receipts or Funding 1 available revenue receipts,

provided that revenue amounts and amounts of interest accrued in respect of amounts which cannot be withdrawn from the Funding 1 collateralised GIC account (including, without limitation, in the event of a moratorium on insolvency, bank insolvency, administration or bank administration of Nationwide or it being unable to pay these amounts) shall cease to constitute Funding 1 available revenue receipts; provided further, that any amounts subsequently recovered in respect of such revenue amounts and amounts of interest from realisation of the related eligible collateral shall constitute Funding 1 available revenue receipts.

Funding 1 available principal receipts:

On any Funding 1 payment date these will, broadly, consist of the following:

- all mortgages trust available principal receipts received by Funding 1 during the Funding 1 interest period ending immediately prior to the relevant Funding 1 payment date less amounts required to meet the Funding 1 revenue deficit amount (if any)

- all other Funding 1 principal receipts standing to the credit of the cash accumulation ledger other than amounts which are required to meet the Funding 1 revenue deficit amount (if any) which are to be applied on the next Funding 1 payment date to repay a bullet term advance and/or, subject to Rule (1) set out under "**Cashflows—Distribution of Funding 1 available principal receipts**", a scheduled amortisation instalment in respect of a scheduled amortisation term advance, or to make a payment under items (a) and (b) of the Funding 1 pre-enforcement principal priority of payments and, if such Funding

1 payment date occurs on or after a trigger event, the remainder of such 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 (g), (i), (k), (m), (o) and (s) of the Funding 1 pre-enforcement revenue priority of payments on the relevant Funding 1 payment date to be applied towards the repayment of the term advances, the cash accumulation ledger and the Funding 1 principal ledger;

- in so far as available for and needed to make a Funding 1 reserve principal payment (see "**Credit Structure—General reserve fund**") after taking into account amounts drawn from the Funding 1 liquidity reserve ledger to make a liquidity reserve principal payment, the amount that would then be standing to the credit of the general reserve ledger, less any amounts applied or to be applied on the relevant Funding 1 payment date in payment of interest and other revenue expenses as set out in items (a) to (p) (inclusive) of the Funding 1 pre-enforcement revenue priority of payments, plus any amounts which will be credited to the general reserve ledger under item (a) of the relevant Funding 1 pre-enforcement principal priority of payments on such Funding 1 payment date; and

- in so far as available for and needed to make a liquidity reserve principal payment (see "**Credit Structure—Funding 1 liquidity reserve fund**"), the amount that would then be standing to the credit of the Funding 1 liquidity reserve ledger, less any amounts applied or to be applied on the relevant Funding 1 payment date in payment of interest and other revenue expenses as set out in items (a) to (f) (inclusive), (h), (j), (l) and (n) of the Funding 1 pre-enforcement revenue priority of payments, plus any amounts which will be credited to the Funding 1 liquidity reserve ledger under item (b) of the relevant Funding 1 pre-enforcement principal priority of

payments on such Funding 1 payment date;

provided that principal amounts which cannot be withdrawn from the Funding 1 collateralised GIC account (including, without limitation, in the event of a moratorium on insolvency, bank insolvency, administration or bank administration of Nationwide or it being unable to pay these amounts) shall cease to constitute Funding 1 available principal receipts; provided further, that any amounts subsequently recovered in respect of such principal amounts from realisation of the related eligible collateral shall constitute Funding 1 available principal receipts and any amounts subsequently recovered in respect of such principal amounts from the Funding 1 collateralised GIC account will not constitute Funding 1 available principal receipts but will instead constitute Funding 1 available revenue receipts.

Summary of Funding 1 priority of payments

Below is a summary of the Funding 1 priority of payments. It should be noted that this is a summary of some of the main cashflows, and does not include every possible cashflow or variation. For more information on cashflows (including those applicable following a trigger event or acceleration of all notes) please refer to "**Cashflows—Distribution of Funding 1 available revenue receipts before intercompany loan acceleration**", "**Cashflows—Distribution of Funding 1 available principal receipts**" and "**Cashflows—Distribution of Funding 1 principal receipts and Funding 1 revenue receipts following intercompany loan acceleration**".

Funding 1 pre-enforcement revenue priority of payments	**Funding 1 pre-trigger event, pre-enforcement principal priority of payments (prior to the occurrence of a trigger event, an intercompany loan acceleration notice or a note acceleration notice)**	**Funding 1 post-enforcement priority of payments**
1. amounts due to the Funding 1 security trustee, then payments of amounts due to the issuer equal to items (1) to (3) (inclusive) of the issuer pre-enforcement	1. to the extent only that monies have been drawn from the general reserve fund to make Funding 1 reserve principal payments in respect of a previous	1. amounts due to the Funding 1 security trustee and any receiver appointed by it and amounts due to the issuer equal to its obligations under items

Funding 1 pre-enforcement revenue priority of payments	Funding 1 pre-trigger event, pre-enforcement principal priority of payments (prior to the occurrence of a trigger event, an intercompany loan acceleration notice or a note acceleration notice)	Funding 1 post-enforcement priority of payments
revenue priority of payments or items (1) and (2) of the issuer post-enforcement priority of payments, as the case may be, and then any third party creditors (including tax liabilities) of Funding 1 (other than those referred to elsewhere in this priority of payments or in the Funding 1 pre-enforcement principal priority of payments)	Funding 1 interest period, towards a credit to the general reserve ledger to the extent that the amount standing to the credit thereof is less than the Funding 1 reserve required amount	(1) to (3) of the issuer pre-enforcement revenue priority of payments or items (1) and (2) of the issuer post-enforcement priority of payments
2. amounts due to the Funding 1 account bank, Funding 1 corporate services provider and the Holdings corporate services provider	2. if a Funding 1 liquidity reserve fund rating event has occurred and is continuing (i) to initially fund the Funding 1 liquidity reserve fund up to the Funding 1 liquidity reserve fund required amount and (ii) once it has been initially funded, to the extent that Funding 1 available revenue receipts are insufficient to do so, to replenish the Funding 1 liquidity reserve fund up to the Funding 1 liquidity reserve fund required amount	2. towards payment of amounts due to the Funding 1 account bank, the Funding 1 corporate services provider and the Holdings corporate services provider
3. amounts due to the Funding 1 swap provider (including termination payments but excluding any related Funding 1 swap excluded termination amount	3. in order of their final repayment dates, beginning with the earliest such date to repay the principal amounts due (if any) on the term AAA advances, in each case subject to Rules (1) and (2) and as further set out under "**Cashflows—Distribution of Funding 1 available principal receipts**"	3. towards payment of amounts (if any) due to the Funding 1 swap provider (including any termination payment but excluding any Funding 1 swap excluded termination amount
4. without priority among them but in proportion to (aa) for each monthly term AAA advance, the amount of interest (and, if applicable, step-up amount) due and payable on such Funding 1 payment date in respect of such monthly term AAA advance and (bb) for		4. towards payments of interest, step-up amounts, principal and fees due on the term AAA advances as further set out at "**Distribution of Funding 1 principal receipts and Funding 1 revenue receipts following intercompany loan acceleration**"
		5. towards payments of interest, step-up amounts, principal and fees due on the term AA advances as further set out at "**Distribution**

Funding 1 pre-enforcement revenue priority of payments	Funding 1 pre-trigger event, pre-enforcement principal priority of payments (prior to the occurrence of a trigger event, an intercompany loan acceleration notice or a note acceleration notice)	Funding 1 post-enforcement priority of payments
each non-monthly term AAA advance, the amount calculated as required to be credited to the non-monthly term AAA advance ledger in respect of such non-monthly term AAA advance for such Funding 1 payment date in accordance with calculations set out at "**Cashflows—Distribution of Funding 1 available revenue receipts before intercompany loan acceleration**"		
5. towards credit to the AAA principal deficiency sub-ledger in an amount sufficient to eliminate any debit on that ledger	4. to repay the principal amounts due (if any) on the term AA advances, in each case subject to Rules (1) and (2) and as further set out under "**Cashflows—Distribution of Funding 1 available principal receipts**" and "**Cashflows - Repayment of term advances before a trigger event and before intercompany loan acceleration or acceleration of all notes**"	**of Funding 1 principal receipts and Funding 1 revenue receipts following intercompany loan acceleration**"
6. without priority among them but in proportion to (aa) for each monthly term AA advance, the amount of interest (and, if applicable, step-up amount) due and payable on such Funding 1 payment date in respect of such monthly term AA advance and (bb) for each non-monthly term AA advance, the amount calculated as required to be credited to the non-monthly term AA advance ledger in respect of such non-monthly term	5. to repay the principal amounts due (if any) on the term A advances, in each case subject to Rules (1) and (2) and as further set out under "**Cashflows—Distribution of Funding 1 available principal receipts**" and "**Cashflows - Repayment of term advances before a trigger event and before intercompany loan acceleration or acceleration of all notes**"	6. towards payments of interest, step-up amounts, principal and fees due on the term A advances as further set out at "**Distribution of Funding 1 principal receipts and Funding 1 revenue receipts following intercompany loan acceleration**"
	6. to repay the principal amounts due (if any) on the term BBB advances, in each case subject to Rules (1) and (2) as set out under "**Cashflows—Distribution of**	7. towards payments of interest, step-up amounts, principal and fees due on the term BBB advances as further set out at "**Distribution of Funding 1 principal receipts and Funding 1 revenue receipts following intercompany loan acceleration**"
		8. towards payments of interest, step-up amounts, principal and fees due on the term BB advances as further set out at "**Distribution of Funding 1 principal receipts and Funding 1 revenue receipts following intercompany loan acceleration**"

Funding 1 pre-enforcement revenue priority of payments	Funding 1 pre-trigger event, pre-enforcement principal priority of payments (prior to the occurrence of a trigger event, an intercompany loan acceleration notice or a note acceleration notice)	Funding 1 post-enforcement priority of payments
AA advance for such Funding 1 payment date in accordance with calculations set out at "**Cashflows—Distribution of Funding 1 available revenue receipts before intercompany loan acceleration**"	**Funding 1 available principal receipts**" and "**Cashflows - Repayment of term advances before a trigger event and before intercompany loan acceleration or acceleration of all notes**"	
7. towards a credit to the AA principal deficiency sub-ledger in an amount sufficient to eliminate any debit on that ledger	7. to repay the principal amounts due (if any) on the term BB advances, in each case subject to Rules (1) and (2) and as further set out under "**Cashflows—Distribution of Funding 1 available principal receipts**" and "**Cashflows—Repayment of term advances before a trigger event and before intercompany loan acceleration or acceleration of all notes**"	9. towards payments of interest, step-up amounts, principal and fees due on the term NR advances as further set out at "**Distribution of Funding 1 principal receipts and Funding 1 revenue receipts following intercompany loan acceleration**"
8. without priority among them but in proportion to (aa) for each monthly term A advance, the amount of interest (and, if applicable, step-up amount) due and payable on such Funding 1 payment date in respect of such monthly term A advance and (bb) for each non-monthly term A advance, the amount calculated as required to be credited to the non-monthly term A advance ledger in respect of such non-monthly term A advance for such Funding 1 payment date in accordance with calculations set out at "**Cashflows—Distribution of Funding 1 available revenue receipts**	8. to repay the principal amounts due (if any) on the term NR advances, in each case subject to Rules (1) and (2) and as further set out under "**Cashflows—Distribution of Funding 1 available principal receipts**" and "**Cashflows—Repayment of term advances before a trigger event and before intercompany loan acceleration or**	10. towards payment of any amounts due to the issuer equal to its obligations (if any) to make a termination payment to an issuer swap provider (but excluding any issuer swap excluded termination amount) 11. pay (i) amounts due to the issuer equal to its obligation to pay any issuer swap excluded termination amount following an issuer swap provider default or an issuer swap provider downgrade termination event, (ii) any other amounts due to the issuer under the intercompany loan agreement and not otherwise provided for earlier, and (iii) the Funding 1 swap excluded termination amount (if any) to the Funding 1 swap provider

Funding 1 pre-enforcement revenue priority of payments	Funding 1 pre-trigger event, pre-enforcement principal priority of payments (prior to the occurrence of a trigger event, an intercompany loan acceleration notice or a note acceleration notice)	Funding 1 post-enforcement priority of payments
before intercompany loan acceleration"	**acceleration of all notes**"	
9. towards a credit to the A principal deficiency sub-ledger in an amount sufficient to eliminate any debit on that ledger	9. towards a credit to the cash accumulation ledger until the balance is equal to Funding 1's cash accumulation liability (as calculated after payments are made or provided for at items (1) to (8) above (inclusive))	12. towards payments of amounts due to the start-up loan providers under the start-up loan agreements (see "**Distribution of Funding 1 principal receipts and Funding 1 revenue receipts following intercompany loan acceleration**"
10. without priority among them but in proportion to (aa) for each monthly term BBB advance, the amount of interest (and, if applicable, step-up amount) due and payable on such Funding 1 payment date in respect of such monthly term BBB advance and (bb) for each non-monthly term BBB advance, the amount calculated as required to be credited to the non-monthly term BBB advance ledger in respect of such non-monthly term BBB advance for such Funding 1 payment date in accordance with calculations set out at "**Cashflows—Distribution of Funding 1 available revenue receipts before intercompany loan acceleration**"	10. the remainder to be credited to the Funding 1 principal ledger to be applied on the next Funding 1 payment date as Funding 1 principal receipts	13. to pay the surplus, if any to Funding 1
11. towards a credit to the BBB principal deficiency sub-ledger in an amount sufficient		

Funding 1 pre-enforcement revenue priority of payments	Funding 1 pre-trigger event, pre-enforcement principal priority of payments (prior to the occurrence of a trigger event, an intercompany loan acceleration notice or a note acceleration notice)	Funding 1 post-enforcement priority of payments
to eliminate any debit on that ledger		
12. without priority among them but in proportion to (aa) for each monthly term BB advance, the amount of interest (and, if applicable, step-up amount) due and payable on such Funding 1 payment date in respect of such monthly term BB advance and (bb) for each non-monthly term BB advance, the amount calculated as required to be credited to the non-monthly term BB advance ledger in respect of such non-monthly term BB advance for such Funding 1 payment date in accordance with calculations set out at "**Cashflows—Distribution of Funding 1 available revenue receipts before intercompany loan acceleration**"		
13. towards a credit to the BB principal deficiency sub-ledger in an amount sufficient to eliminate any debit on that ledger		
14. towards payment of any amounts due to the issuer equal to its obligations to make a termination payment to		

Funding 1 pre-enforcement revenue priority of payments	Funding 1 pre-trigger event, pre-enforcement principal priority of payments (prior to the occurrence of a trigger event, an intercompany loan acceleration notice or a note acceleration notice)	Funding 1 post-enforcement priority of payments
an issuer swap provider (but excluding any issuer swap excluded termination amount)		
15. towards a credit to the general reserve ledger to the extent the amount standing to the credit thereof is less than the Funding 1 reserve required amount and following the occurrence of an arrears or step-up trigger event, such additional amount as set out in "**Credit Structure—General reserve fund**" (taking into account any net replenishment)		
16. if a Funding 1 liquidity reserve fund rating event has occurred and is continuing, towards a credit to the liquidity reserve ledger to the extent the amount standing to the credit thereof is less than the Funding 1 liquidity reserve fund required amount		
17. towards a credit to the NR principal deficiency sub-ledger in an amount sufficient to eliminate any debit on that ledger		
18. without priority among them but in proportion to (aa) for each monthly term NR		

Funding 1 pre-enforcement revenue priority of payments	Funding 1 pre-trigger event, pre-enforcement principal priority of payments (prior to the occurrence of a trigger event, an intercompany loan acceleration notice or a note acceleration notice)	Funding 1 post-enforcement priority of payments
	advance, the amount of interest (and, if applicable, step-up amount) due and payable on such Funding 1 payment date in respect of such monthly term NR advance and (bb) for each non-monthly term NR advance, the amount calculated as required to be credited to the non-monthly term NR advance ledger in respect of such non-monthly term NR advance for such Funding 1 payment date in accordance with calculations set out at "**Cashflows—Distribution of Funding 1 available revenue receipts before intercompany loan acceleration**"	
19.	(without double counting) payment (i) to the issuer in an amount equal to its obligations to pay any issuer swap excluded termination amount, (ii) any other amounts due to the issuer under the intercompany loan agreement and not otherwise provided for in this priority of payments, and (iii) the Funding 1 swap excluded termination amount (if any) to the Funding 1 swap provider	

Funding 1 pre-enforcement revenue priority of payments	Funding 1 pre-trigger event, pre-enforcement principal priority of payments (prior to the occurrence of a trigger event, an intercompany loan acceleration notice or a note acceleration notice)	Funding 1 post-enforcement priority of payments
20. towards payment to Funding 1 of the Funding 1 profit amount less corporation tax		
21. towards payment of amounts due to the start-up loan providers under the start-up loan agreement(s)		
22. towards payment of any deferred contribution due to the mortgages trustee pursuant to the terms of the mortgages trust deed		

Available funds of the issuer

On any interest payment date, the issuer expects to have issuer revenue receipts and issuer principal receipts for the purposes of making interest and principal payments under the notes and the other transaction documents.

Issuer revenue receipts: These will, broadly, include the following:

- interest to be paid by Funding 1 on the relevant Funding 1 payment date in respect of the term advances under the intercompany loan agreements;
- fees to be paid to the issuer by Funding 1 under the terms of the intercompany loan agreement;
- interest payable on the issuer's bank accounts and any authorised investments;
- other net income of the issuer including amounts received or to be received under the issuer swap agreements (excluding certain amounts, as set out in full under "**Cashflows—Definition of issuer revenue receipts**"); and

- any additional amount the issuer receives from any taxing authority on account of amounts paid to that taxing authority for and on account of tax by an issuer swap provider under an issuer swap agreement (except when the amounts paid to the tax authority represent a deduction or withholding on account of tax in respect of which an issuer swap provider has paid a gross-up amount to the issuer to ensure the net amount actually received by the issuer equals the full amount the issuer would have received had no such deduction or withholding been required),

but for the avoidance of doubt, excluding any issuer profit amount previously retained by the issuer on any interest payment date and the proceeds of any new note issuance.

Issuer principal receipts: These will (prior to the service of a note acceleration notice on the issuer), broadly speaking, include all principal amounts to be repaid by Funding 1 to the issuer under the intercompany loan during the relevant interest period.

Summary of issuer priority of payments

Below is a summary of the issuer priority of payments. It should be noted that this is a summary of some of the main cashflows, and does not include every possible cashflow. For more information on cashflows (including those applicable following a note acceleration notice and/or intercompany loan acceleration notice) please refer to "**Cashflows—Distribution of issuer revenue receipts before note acceleration**", "**Cashflows—Distribution of issuer revenue receipts after note acceleration but before intercompany loan acceleration**" and "**Cashflows—Distribution of issuer principal receipts and issuer revenue receipts following note acceleration and intercompany loan acceleration**" for more information.

Issuer pre-enforcement revenue priority of payments	Issuer pre-enforcement principal priority of payments	Issuer post-enforcement priority of payments (after service of note acceleration notice and intercompany loan acceleration notice)
1. pay amounts due, together with interest and any VAT on those amounts, first to the issuer security trustee, then to the note trustee and then to the agent bank, the paying agents, the registrar, the exchange rate agent and the transfer agent	1. in connection with repayment of the class A notes: from principal amounts received from the Funding in respect of each term AAA advance, (i) to pay principal amounts to the relevant issuer swap providers in respect of the related series and class (or sub-class) of class A notes and (ii) (also from principal amounts received from the issuer swap providers in respect of the related series and class of notes) to pay principal amounts due and payable (if any) on the related series and class (or sub-class) of class A notes	1. pay amounts due, together with interest and any VAT on those amounts, first to the issuer security trustee and any receiver appointed by the issuer security trustee, then to the note trustee and then to the agent bank, the paying agents, the registrar, the exchange rate agent and the transfer agent
2. pay amounts due to any third party creditors of the issuer (other than those referred to elsewhere in this priority of payments) (including tax liabilities) under certain circumstances	2. in connection with repayment of the class B notes: from principal amounts received from the Funding 1 in respect of each term AA advance, (i) to pay principal amounts to the relevant issuer swap providers in respect of the related series and class (or sub-class) of class B notes and (ii) (also from principal amounts received from the issuer swap providers in respect of the related series and class of notes) to pay principal amounts due and	2. pay amounts due, together with any VAT on those amounts, to the issuer cash manager, the issuer corporate services provider, the post-enforcement call option provider corporate services provider, and the issuer account bank
3. pay amounts to the issuer cash manager, the issuer corporate services provider, the post-enforcement call option holder corporate services provider and the issuer account bank		3. subject to 4. below, pay amounts due to the issuer swap providers for each series of class A notes (excluding any termination payment)
4. from amounts (excluding principal) received from Funding 1 on the relevant Funding 1 payment date in respect of each term AAA advance due and payable on such issuer payment date, (i) to pay amounts due to the relevant issuer swap provider(s) (if any) in respect of the related series and class (or sub-class) of class A notes (including any		4. pay interest and any step-up coupon due or overdue on, and repay principal of, the applicable series of class A notes and pay any swap termination payment due to the issuer swap provider for each series of class A notes (but excluding any issuer swap

Issuer pre-enforcement revenue priority of payments	Issuer pre-enforcement principal priority of payments	Issuer post-enforcement priority of payments (after service of note acceleration notice and intercompany loan acceleration notice)
termination payment but excluding any issuer swap excluded termination amount) and (ii) (also from amounts (excluding principal) received from the issuer swap provider(s) in respect of the related series and class (or sub-class) of notes) to pay interest (and any step-up coupon) due and payable (if any) on the related series and class (or sub-class) of class A notes on such issuer payment date	payable (if any) on the related series and class of (or sub-class) class B notes	excluded termination amount)
5. from amounts (excluding principal) received from Funding 1 on the relevant Funding 1 payment date in respect of each term AA advance due and payable on such issuer payment date, (i) to pay amounts due to the relevant 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 related issuer swap excluded termination amount) and (ii) (also from amounts (excluding principal) received from the issuer swap provider(s) in respect of the related series and class (or sub-class)of notes) to pay interest (and any step-	3. in connection with repayment of the class M notes: from principal amounts received from the Funding 1 in respect of each term A advance, (i) to pay principal amounts to the relevant issuer swap providers in respect of the related series and class of class (or sub-class) M notes and (ii) (also from principal amounts received from the issuer swap providers in respect of the related series and class of notes) to pay principal amounts due and payable (if any) on the related series and class (or sub-class) of class M notes 4. in connection with repayment of the class C notes: from principal amounts received from the Funding 1 in respect of each term BBB advance, (i) to pay principal amounts to the relevant issuer swap providers in respect of the related series and class (or sub-class) of class C notes and (ii) (also from principal amounts received from the issuer swap providers in respect of the related	5. subject to 6. below, pay amounts due to the issuer swap providers for each series of class B notes (excluding any termination payment) 6. pay interest and any step-up coupon due or overdue on, and repay principal of, the applicable series of class B notes and to pay any swap termination payment due to the issuer swap provider for each series of class B notes (but excluding any issuer swap excluded termination amount) 7. subject to 8. below, pay amounts due to the issuer swap providers for each series of class M notes (excluding any termination payment) 8. pay interest and any step-up coupon due or overdue on, and repay principal of, the applicable series of class M notes and pay any swap termination payment due to the issuer swap provider for each series of class M notes (but excluding any issuer swap excluded termination amount) 9. subject to 10. below, pay amounts due to the

Issuer pre-enforcement revenue priority of payments	Issuer pre-enforcement principal priority of payments	Issuer post-enforcement priority of payments (after service of note acceleration notice and intercompany loan acceleration notice)
up coupon) due and payable (if any) on the related series and class (or sub-class) of class B notes on such issuer payment date	series and class of notes) to pay principal amounts due and payable (if any) on the related series and class (or sub-class) of class C notes	issuer swap providers for each series of class C notes (excluding any termination payment)
6. from amounts (excluding principal) received from Funding 1 on the relevant Funding 1 payment date in respect of each term A advance due and payable on such issuer payment date, (i) to pay amounts due to the relevant 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 related issuer swap excluded termination amount) and (ii) (also from amounts (excluding principal) received from the issuer swap provider(s) in respect of the related series and class (or sub-class) of notes) to pay interest (and any step-up coupon) due and payable (if any) on the related series and class (or sub-class) of class M notes on such issuer payment date	5. in connection with repayment of the class D notes: from principal amounts received from the Funding 1 in respect of each term BB advance, (i) to pay principal amounts to the relevant issuer swap providers in respect of the related series and class (or sub-class) of class D notes and (ii) (also from principal amounts received from the issuer swap providers in respect of the related series and class of notes) to pay principal amounts due and payable (if any) on the related series and class (or sub-class) of class D notes	10. pay interest and any step-up coupon due or overdue on, and repay principal of, the applicable series of class C notes and pay any swap termination payment due to the issuer swap provider for each series of class C notes (but excluding any issuer swap excluded termination amount)
		11. subject to 12. below, pay amounts due to the issuer swap providers for each series of class D notes (excluding any termination payment)
	6. in connection with repayment of the class Z notes: from principal amounts received from the Funding 1 in respect of each term NR advance, (i) to pay principal amounts to the relevant issuer swap providers in respect of the related series and class (or sub-class) of class Z notes and (ii) (also from principal amounts	12. pay interest and any step-up coupon due or overdue on, and repay principal of, the applicable series of class D notes and pay any swap termination payment due to the issuer swap provider for each series of class D notes (but excluding any issuer swap excluded termination amount)
7. from amounts (excluding principal) received from Funding 1 on the relevant Funding 1 payment date in respect of each		13. subject to 14. below, pay amounts due to the issuer swap providers for each series of class Z notes (excluding any termination payment)

Issuer pre-enforcement revenue priority of payments	Issuer pre-enforcement principal priority of payments	Issuer post-enforcement priority of payments (after service of note acceleration notice and intercompany loan acceleration notice)
term BBB advance due and payable on such issuer payment date, (i) to pay amounts due to the relevant 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 related issuer swap excluded termination amount) and (ii) (also from amounts (excluding principal) received from the issuer swap provider(s) in respect of the related series and class (or sub-class) of notes) to pay interest (and any step-up coupon) due and payable (if any) on the related series and class (or sub-class) of class C notes on such issuer payment date	received from the issuer swap providers in respect of the related series and class of notes) to pay principal amounts due and payable (if any) on the related series and class (or sub-class) of class Z notes	
8. from amounts (excluding principal) received from Funding 1 on the relevant Funding 1 payment date in respect of each term BB advance due and payable on such issuer payment date, (i) to pay amounts due to the relevant issuer swap provider(s) (if any) in respect of the related series and class (or sub-class) of class D notes (excluding any related issuer swap excluded termination amount) and (ii) (also		14. pay interest and any step-up coupon due or overdue on, and repay principal of, the applicable series of class Z notes and pay any swap termination payment due to the issuer swap provider for each series of class Z notes (but excluding any issuer swap excluded termination amount) 15. pay any issuer swap excluded termination amount to each relevant issuer swap provider 16. pay the balance to the issuer to be applied on the next interest payment date as issuer principal receipt

Issuer pre-enforcement revenue priority of payments	Issuer pre-enforcement principal priority of payments	Issuer post-enforcement priority of payments (after service of note acceleration notice and intercompany loan acceleration notice)
from amounts (excluding principal) received from the issuer swap provider(s) in respect of the related series and class (or sub-class) of notes) to pay interest (and any step-up coupon) due and payable (if any) on the related series and class (or sub-class) of class D notes on such issuer payment date		
9. from amounts (excluding principal) received from Funding 1 on the relevant Funding 1 payment date in respect of each term NR advance due and payable on such issuer payment date, (i) to pay amounts due to the relevant issuer swap provider(s) (if any) in respect of the related series and class (or sub-class) of class Z notes (excluding any related issuer swap excluded termination amount) and (ii) (also from amounts (excluding principal) received from the issuer swap provider(s) in respect of the related series and class (or sub-class) of notes) to pay interest (and any step-up coupon) due and payable (if any) on the related series and class (or sub-class) of class Z notes on such issuer payment date		

Issuer pre-enforcement revenue priority of payments	Issuer pre-enforcement principal priority of payments	Issuer post-enforcement priority of payments (after service of note acceleration notice and intercompany loan acceleration notice)
10. pay any issuer swap excluded termination amount due to any issuer swap provider		
11. to the issuer, an amount equal to the issuer profit amount, to be retained by the issuer as profit less corporation tax		
12. the balance to the issuer to be applied on the next issuer payment date as issuer revenue receipts		

General credit structure

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

(a) *Credit Support*:

- A general reserve fund has been established to help meet shortfalls in principal due on the original bullet term advances and original scheduled amortisation term advances in the circumstances described under "**Credit Structure—General reserve fund**". The general reserve fund will be funded and replenished from Funding 1 available revenue receipts, Funding 1 available principal receipts and start-up term advances provided to Funding 1 to fund the general reserve fund. The general reserve fund may also be used to help meet any deficit in Funding 1 available revenue receipts available for payment of interest on term advances (other than term NR advances) and fees due under the intercompany loan agreement (and any other intercompany loan agreement) and to help meet any deficit on the principal deficiency ledger (other than the any deficit caused by a debit balance on the NR principal deficiency sub-ledger except on the final Funding 1 payment date);

- Junior classes of notes will be subordinated to more senior classes of notes, thereby ensuring that available funds are applied to the most senior class of notes in priority to more junior classes of notes. For further details, please refer to "**Credit Structure—Priority of payments among the**

class A notes, the class B notes, the class M notes, the class C notes, the class D notes and the class Z notes";

- Excess spread;

- The Funding 1 liquidity reserve fund (described under (b) below) will, subject to certain limitations and exceptions, be available to help meet any deficit in Funding 1 available revenue receipts available for payment of interest and fees due under the intercompany loan agreement and to make Funding 1 liquidity reserve principal payments;

(b) *Liquidity Support*:

- Funding 1 will be obliged to establish a liquidity reserve fund (a Funding 1 liquidity reserve fund) if the long-term, unsecured, unsubordinated and unguaranteed debt obligations of the seller are rated below A3 by Moody's (unless advance notice in writing of such rating has been provided to Moody's and there being no reduction, qualification or withdrawal by Moody's of the then current ratings of the rated notes as a consequence thereof). Prior to enforcement of the Funding 1 security, the Funding 1 liquidity reserve fund may be used to help meet any deficit in Funding 1 available revenue receipts required for payment of certain interest due on term advances (other than term NR advances except on the final Funding 1 payment date) and fees under the intercompany loan agreement and to help meet any deficit in Funding 1 available principal receipts available for payment of original bullet term advances and original scheduled amortisation term advances. The Funding 1 liquidity reserve fund, if required to be funded, will be funded initially from Funding 1 available principal receipts or (if insufficient funds are available therefrom) from Funding 1 available revenue receipts in accordance with the Funding 1 pre-enforcement principal priority of payments or Funding 1 pre-enforcement revenue priority of payments, as applicable. Please refer to "**Credit Structure—Funding 1 liquidity reserve fund**" for more details;

- The principal deficiency ledger has been established, with six sub-ledgers which correspond to each of the term AAA advances, the term AA advances, the term A advances, the term BBB advances, the term BB advances and the term NR advances, respectively to record the notional principal losses corresponding to each such sub-ledger in reverse sequential order. Funding 1 available revenue receipts will be applied in accordance with the relevant Funding 1 priority of payments to make up the relevant sub-ledger of the principal deficiency ledger in sequential order. Please refer to "**Credit Structure—Principal deficiency ledger**" for more details;

(c) *Hedging*:

- Funding 1 has entered into three interest rate swaps with the Funding 1 swap provider to hedge against the variations in the variable rates of interest payable on the BMR loans and the SMR loans and the fixed rates of interest payable on the fixed rate loans compared to a compounded daily SONIA rate.

The tracker rate loans are unhedged.

All three Funding 1 swaps reference a compounded daily SONIA rate. There are no longer any Funding 1 swaps referencing LIBOR or any other benchmark reference rate.

In respect of a calculation period, the aggregate notional amount of the three (BMR, SMR and fixed rate loans) Funding 1 swaps will, in aggregate, equal the greater of (a) zero and (b) the total hedge less the Funding 1 apportioned tracker rate loans amount for the Funding 1 collection period relating to the relevant calculation period (**adjusted total hedge**).

Each of the three Funding 1 swaps (BMR, SMR or fixed rate loans) are sized individually by reference to the ratio of the aggregate true balance of the loans in the portfolio that are of the type (BMR, SMR or fixed rate loans) compared to the sum of the Loan Balances in respect of each of Fixed Rate Loans, SMR Loans and BMR Loans, with such ratios applied to the adjusted total hedge.

Please refer to "**The swap agreements—The Funding 1 swaps**" for more details;

- For each series and class of notes where it is necessary to protect the issuer against certain interest rate and/or currency fluctuations in respect of amounts payable to the issuer by Funding 1 under the outstanding term advance that corresponds to that series and class of notes and the amounts payable by the issuer under such series and class of notes the issuer has entered into an issuer swap with an issuer swap provider. Please refer to **The swap agreements—General**", "**The swap agreements—The issuer swaps—The issuer currency swaps**", "**The swap agreements—The issuer swaps—** and "**The swap agreements—The issuer swaps**" for more details;

(d) *Ancillary Support*:

- The mortgages trustee GIC account and the Funding 1 GIC account each earn, and the Funding 1 collateralised GIC account will earn, interest at a specified rate. For more details, please refer to "**Credit Structure—Mortgages trustee GIC account/Funding 1 GIC account**"; and

- Start-up loans under the start-up loan agreement may be provided to Funding 1 from time to time to fund the general reserve fund and/or the Funding 1 liquidity reserve fund (if applicable) and to meet the costs in connection with the issuance of notes.

Funding 1 conditions precedent to drawdown under the intercompany loan agreement

Funding 1 will not be able to make any drawings under the intercompany loan agreement, save in respect of term NR GIC collateral advances and term NR VFN advances, unless *inter alia*:

- the related series and class (or sub-class) of notes have been issued and the proceeds received by or on behalf of the issuer;
- Funding 1 has delivered a certificate certifying that it is solvent;
- that each of the applicable transaction documents has been duly executed by the relevant parties to it; and
- one or more deeds of accession relating to the Funding 1 deed of charge have been executed by the parties to the Funding 1 deed of charge.

Issuer conditions and tests to issuance

The conditions and tests necessary to issue a series and class (or sub-class) of notes, include the following:

- there must be no debit balance on the principal deficiency ledger in respect of any term advance (excluding any debit balance caused by a debit balance on the NR principal deficiency sub-ledger);
- no note event of default shall have occurred which is continuing or will occur as a consequence of such issuance;
- no acceleration notice has been served on the issuer;
- no intercompany loan acceleration notice has been served on Funding 1;
- the general reserve fund is fully funded up to the Funding 1 reserve required amount;
- each of the applicable transaction documents has been executed by the relevant parties to those documents;
- the issuer has delivered a solvency certificate to the note trustee substantially in the form set out in the note trust deed;
- S&P has provided written confirmation that their ratings of the outstanding rated notes will not be downgraded, qualified or withdrawn as a consequence of such issuance

(and advance notice in writing of such issuance has been provided to Moody's and Fitch and there being no reduction, qualification or withdrawal by Moody's or Fitch of the then current ratings of the rated notes as a consequence thereof) (provided that such confirmation from S&P shall not be required to the extent such rating agency does not maintain a rating of any notes which are outstanding); and

- for each class of notes of any series, after giving effect to the issuance of that series of notes, the relevant available subordinated amount must be equal to or greater than the related required subordinated amount.

For further details please refer to "**The issuance of notes—Issuance**".

Bank accounts and cash management

Collections of interest and principal in respect of the loans in the portfolio and any recoveries will be paid initially into an account in the name of Nationwide Building Society (the **collection account**) and swept into a mortgages trustee GIC account on a regular basis and in any event in the case of direct debits no later than the next London business day after the day on which they are deposited in the collection account.

Summary of key swap terms

The Funding 1 swaps have the following key commercial terms:

- Swap notional amount: The aggregate swap notional amount across all of the Funding 1 swaps is an amount sized in relation to the aggregate outstanding principal amount of all term advances under the intercompany loan agreement. The swap notional amount of each Funding 1 swap is a pro rata amount of such aggregate swap notional amount determined by reference to the ratio of the aggregate true balance of the loans in the portfolio that are of the type to which such Funding 1 swap relates compared to the aggregate true balance of all the BMR loans, SMR loans and fixed rate loans in the portfolio (as more particularly described in "**The swap agreements—The Funding 1 swaps**");

- Funding 1 payment: the amount (if any) by which the sum of each of the collection period Funding 1 amounts relating to the relevant Funding 1 interest period and the type of loan hedged by such Funding 1 swap exceeds the sum of such Funding 1 swap's pro rata share (determined as above) of each of the Funding 1 collection period swap provider amounts relating to the same Funding 1 interest period;

- Funding 1 swap provider payment: the amount (if any) by which such Funding 1 swap's pro rata share (determined as above) of the sum of each of the Funding 1 collection period swap provider amounts relating to the relevant Funding 1 interest period exceeds the sum of each of the

collection period Funding 1 amounts relating to the same Funding 1 interest period and the type of loan hedged by such Funding 1 swap; and

- Frequency of payment: each Funding 1 payment date.

The issuer swaps have the following key commercial terms:

- Swap notional amount: the principal amount outstanding under the series and class (or sub-class) of notes to which the relevant issuer swap relates;

- Issuer initial payment: the principal amount of the series and class (or sub-class) of notes to which the relevant issuer swap relates as of the relevant closing date;

- Issuer swap provider initial payment: the sterling equivalent of the principal amount of the series and class (or sub-class) of notes to which the relevant issuer swap relates as of the relevant closing date;

- Issuer on-going payments: sterling interest amounts received on the term advance corresponding to the series and class (or sub-class) of notes to which the relevant issuer swap relates;

- Issuer swap provider on-going payments: amounts in the specified currency that are equal to the amounts of interest to be paid on the series and class (or sub-class) of the notes to which the relevant issuer swap relates;

- Issuer repayment amount: the sterling equivalent of the principal amount of the series and class (or sub-class) of notes to which the relevant issuer swap relates being redeemed on any given day;

- Issuer swap provider repayment amount: amount in the specified currency, equal to the principal amount of the series and class (or sub-class) of notes to which the relevant issuer swap relates being redeemed on a given day; and

- Frequency of payment: as per the series and class (or sub-class) of notes to which the relevant issuer swap relates.

For further details, please see "**The swap agreements**".

TRIGGERS TABLES

Rating Triggers Table

Required Ratings/Triggers	Possible effects of Trigger being breached include the following
Seller	
Long-term, unsecured, unsubordinated and unguaranteed debt obligations cease to be rated at least BBB- by S&P, Baa3 by Moody's or BBB- by Fitch (provided that for S&P, such rating requirement shall not apply to the extent such rating agency does not maintain a rating of any notes which are outstanding).	Seller must deliver to *inter alios* the mortgages trustee, details of the names and addresses of the borrowers with the loans then in the portfolio on computer diskette and a draft letter of notice to each of the borrowers of the sale and purchase or entrustment, as the case may be, (unless the relevant rating agencies confirm that the then current ratings of the notes will not be adversely affected).
Written notice that its short-term, unsecured, unguaranteed and unsubordinated debt obligations cease to be rated at least A-2 by S&P, F2 by Fitch and P-2 by Moody's (provided that for S&P, such rating requirement shall not apply to the extent such rating agency does not maintain a rating of any notes which are outstanding) at the time of, and immediately following, a trust calculation date immediately following the trust calculation period in which a product switch or the making of an additional loan advance takes place.	Loans that have been the subject of a product switch or additional loan advance may not remain in the portfolio (subject to variation of this condition by the mortgages trustee (subject to the prior confirmation by S&P that the then current ratings of any notes will not be downgraded, withdrawn or qualified as a result of such variation or waiver (and advance notice in writing of such variation or waiver has been provided by Moody's and Fitch and there being no reduction, qualification or withdrawal of the then current ratings of the notes))) (provided that such confirmation from S&P shall not be required to the extent such rating agency does not maintain a rating of any notes which are outstanding).
Short term, unsecured, unguaranteed and unsubordinated debt obligations cease to be rated at least A-2 by S&P, F2 by Fitch and/or P-1 by Moody's (provided that for S&P, such rating requirement shall not apply to the extent such rating agency does not maintain a rating of any notes which are outstanding).	Beneficiaries shall appoint a firm of independent auditors (approved by the rating agencies) to determine (by taking a random sample) whether the loans and their related security (or any part of them) complied with the representations and warranties set out in schedule 1 of the mortgage sale agreement as at the date such loans were sold to the mortgages trustee.
Long-term, unsecured, unsubordinated and unguaranteed debt obligations cease to be rated at least A3 by Moody's.	Funding 1 liquidity reserve fund must be established (unless advance notice in writing of such rating has been provided to Moody's and there being no reduction, qualification or withdrawal by Moody's of the then current ratings of the rated notes as a consequence thereof).

Required Ratings/Triggers	Possible effects of Trigger being breached include the following
Servicer	
Long-term unsecured, unguaranteed and unsubordinated debt obligation cease to be rated at least Baa3 by Moody's, BBB-by S&P or ceasing to be assigned a long-term "Issuer Default Rating" by Fitch of at least BBB- (provided that for S&P, such rating requirement shall not apply to the extent such rating agency does not maintain a rating of any notes which are outstanding).	Within 60 days, the servicer will use reasonable endeavours to appoint a back-up servicer satisfactory to, *inter alios*, mortgages trustee.
Short-term, unsecured, unsubordinated and unguaranteed debt obligations cease to be rated at least A-2 by S&P, P-2 by Moody's and the short-term "Issuer Default Ratings" of the seller cease to be rated at least F2 by Fitch (provided that for S&P, such rating requirement shall not apply to the extent such rating agency does not maintain a rating of any notes which are outstanding).	Servicer shall use reasonable endeavours to ensure that the customer files and title deeds (if any) relating to the loans in the portfolio and their related security are identified as distinct from the customer files and title deeds of other properties and mortgages which do not form part of the portfolio.
Cash Manager	
Long-term unsecured, unguaranteed and unsubordinated debt obligations cease to be rated at least Baa3 by Moody's.	Within 60 days, the cash manager will use reasonable endeavours to appoint a back-up cash manager satisfactory to, *inter alios*, the mortgages trustee.
Mortgages trustee account bank	
(a) If the "Issuer Default Ratings" fall below F1 short-term and the "Deposit Ratings" or (when a Deposit Rating is not assigned or not applicable) the "Issuer Default Ratings" fall below A long-term by Fitch; or (b) both the senior unsecured debt ratings and deposit ratings fall below P-1 short term or A2 long-term, as applicable by Moody's; or (c) the issuer credit ratings fall below A long-term by S&P (the **mortgages trustee account bank S&P rating event**), unless, in either case, Fitch, Moody's and S&P confirm that the then current ratings of the notes then outstanding would not be downgraded, withdrawn or qualified (provided that for S&P, such rating requirement shall not apply to the extent such rating agency does not maintain a rating of any notes which are outstanding) (the **transfer or guarantee waiver**).	Unless the mortgages trustee account bank opens a standby account with a suitable standby facility mortgages trustee bank, the cash manager, Funding 1 or the mortgages trustee shall (with the prior written consent of the Funding 1 security trustee) or the Funding 1 security trustee may terminate the mortgages trustee bank account agreement and close any mortgages trustee bank accounts by giving not less than 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) prior written notice in writing to the relevant mortgages trustee account bank (subject to a suitable replacement with sufficient ratings having been appointed as described below) and additionally, specifically where a mortgages trustee account bank S&P rating event has occurred, the balances shall be transferred to such a replacement bank in accordance with the S&P remedy period.

Required Ratings/Triggers	Possible effects of Trigger being breached include the following
	Notwithstanding the foregoing, in the event that the mortgages trustee account bank fails to have the mortgages trustee account bank required ratings, it may continue to operate, and receive deposits into, the mortgages trustee GIC account provided that (i) it opens a standby account with a suitable bank, (ii) it provides collateral (either by posting eligible collateral or procuring the issuer to make a term NR GIC collateral advance) against such deposits pursuant to the transaction documents and (iii) its "Deposit Rating" or (when a Deposit Rating is not assigned or not applicable) "Issuer Default Ratings" does not fall below BBB- by Fitch. For further detail, please see "**The bank account agreements—Mortgages trustee bank account agreement**"). **Suitable replacement** means a replacement financial institution or institutions (a) with an "Issuer Default Rating" of at least F1 short-term and a "Deposit Rating" or (when a Deposit Rating is not assigned or not applicable) an "Issuer Default Rating" of at least A long-term (in the case of Fitch) and both the senior unsecured debt rating or deposit rating of at least P-1 short-term or A2 long-term, as applicable, (in the case of Moody's) and with an issuer credit rating of at least A long-term (in the case of S&P) (provided that for S&P, such rating requirement shall not apply to the extent such rating agency does not maintain a rating of any notes which are outstanding), and (b) being an appropriately authorised institution under the FSMA.
Funding 1 account bank	
(a) If the "Issuer Default Ratings" fall below F1 short-term and the "Deposit Ratings" or (when a Deposit Rating is not assigned or not applicable) the "Issuer Default Ratings" fall below A long-term by Fitch; or (b) both the senior unsecured debt ratings and deposit ratings fall below P-1 short-term or A2 long-term, as applicable, by Moody's; or	Unless the Funding 1 account bank obtains a guarantee over its obligations under the Funding 1 bank account agreement from a suitable guarantor, the cash manager or Funding 1 shall (with the prior written consent of the Funding 1 security trustee) and the Funding 1 security trustee may terminate the Funding 1 bank account agreement and close any Funding 1 bank accounts by giving not less than 60 calendar days' (in respect of such downgrade by

Required Ratings/Triggers	Possible effects of Trigger being breached include the following
(c) the issuer credit ratings fall below A long-term by S&P (the **Funding 1 account bank S&P rating event**), unless, in either case, Fitch, Moody's and S&P confirm that the then current ratings of the notes then outstanding would not be downgraded, withdrawn or qualified (provided that for S&P, such rating requirement shall not apply to the extent such rating agency does not maintain a rating of any notes which are outstanding).	Moody's or Fitch) or 90 calendar days' (in respect of such downgrade by S&P) prior written notice in writing to the relevant Funding 1 account bank (with a copy to, as applicable, certain other parties) (subject to a suitable replacement with sufficient ratings having been appointed as described above) and additionally, specifically where a Funding 1 account bank S&P rating event has occurred, the balances shall be transferred to such a replacement bank in accordance with the Funding 1 account bank S&P remedy period. Notwithstanding the foregoing, in the event that the Funding 1 account bank fails to have the Funding 1 account bank required ratings, it may continue to operate, and receive deposits of Funding 1 deposit non-reserved amounts into, the Funding 1 collateralised GIC account provided that (i) the Funding 1 account bank provides collateral (either by posting eligible collateral or procuring the issuer to make a term NR GIC collateral advance) against such deposits pursuant to the transaction documents and (ii) the "Deposit Rating" or (when a Deposit Rating is not assigned or not applicable) "Issuer Default Ratings" of the Funding 1 account bank does not fall below BBB- by Fitch. For further detail, please see "**The bank account agreements—Funding 1 bank account agreement**").
Issuer account bank	
(a) If the "Issuer Default Ratings" fall below F1 short-term and the "Deposit Ratings" or (when a Deposit Rating is not assigned or not applicable) the "Issuer Default Ratings" fall below A long-term by Fitch; or (b) both the senior unsecured debt ratings and the deposit ratings fall below P-1 short-term or A2 long- term, as applicable, by Moody's; or (c) the issuer credit ratings fall below A long-term by S&P (the **issuer account bank S&P rating event**), unless, in either case, Fitch, Moody's and S&P confirm that the then current ratings of the notes then outstanding would not be downgraded, withdrawn or qualified (provided that for S&P, such rating	Unless the issuer account bank obtains a guarantee over its obligations under the issuer bank account agreement from a suitable guarantor, the issuer cash manager or the issuer shall (with the prior written consent of the issuer security trustee) or the issuer security trustee may terminate the mortgages trustee bank account agreement and close any mortgages trustee bank accounts by giving not less than 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) prior written notice in writing to the relevant issuer account bank (with a copy to, as applicable, certain other parties) (subject to a suitable replacement with sufficient ratings having been appointed as described

Required Ratings/Triggers	Possible effects of Trigger being breached include the following
requirement shall not apply to the extent such rating agency does not maintain a rating of any notes which are outstanding).	above) and additionally, specifically where an issuer account bank S&P rating event has occurred, the balances shall be transferred to such a replacement bank in accordance with the S&P remedy period.
Funding 1 swap provider	
Loss of the S&P required ratings, the Fitch required ratings or the Moody's required ratings, as set out below. While the required ratings set out below are correct as at the date of this Prospectus in respect of each Funding 1 swap agreement, these are subject to change in the future as a result of updates made to the applicable criteria (and applicable generally accepted practice with respect to such criteria) since the date of the relevant Funding 1 swap agreement.	The relevant remedial actions and relevant timing for such actions set out below are dependent on the trigger that has been breached, as set out below. While relevant remedial actions and relevant timing for such actions set out below are correct as at the date of this Prospectus in respect of each Funding 1 swap agreement, these are subject to change in the future as a result of updates made to the applicable criteria (and applicable generally accepted practice with respect to such criteria) since the date of the relevant Funding 1 swap agreement.
For so long as the notes are rated by S&P, the **S&P required ratings** set out below apply. The relevant S&P required ratings depend on which S&P collateral framework is elected by the Funding 1 swap provider from time to time (the **S&P framework**) and the rating of the notes with the highest rating from S&P (the **S&P relevant notes**). 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. As at the date of this Prospectus the provisions relating to S&P Adequate apply to the Funding 1 swap agreement. For so long as the notes are rated by Fitch, the **Fitch required ratings** set out below apply. The relevant Fitch required ratings depend on the rating of the notes with the highest rating from Fitch (the **Fitch relevant notes**). For so long as the notes are rated by Moody's, the **Moody's required ratings** set out below apply.	Following the loss of any S&P required rating, during the relevant period, the Funding 1 swap provider may, in addition to each of the remedies set out below, elect to change the S&P framework in order to cure the breach of the ratings trigger (i.e. where the Funding 1 swap provider has the required ratings under another S&P framework but does not have the required ratings under the S&P framework currently in effect).

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

	"S&P Strong"		"S&P Adequate"		"S&P Moderate"		"S&P Weak"	
Rating of the Relevant Notes	Initial S&P Rating Event	Subsequent S&P Rating Event	Initial S&P Rating Event	Subsequent S&P Rating Event	Initial S&P Rating Event	Subsequent S&P Rating Event	Initial S&P Rating Event	Subsequent S&P Rating Event
AAA	A-	BBB+	A-	A-	A	A	NA	A+
AA+	A-	BBB+	A-	A-	A-	A-	NA	A+

Required Ratings/Triggers						Possible effects of Trigger being breached include the following		
AA	A-	BBB	BBB+	BBB+	A-	A-	NA	A
AA-	A-	BBB	BBB+	BBB+	BBB+	BBB+	NA	A-
A+	A-	BBB-	BBB	BBB	BBB+	BBB+	NA	A-
A	A-	BBB-	BBB	BBB	BBB	BBB	NA	BBB+
A-	A-	BBB-	BBB	BBB-	BBB	BBB	NA	BBB+
BBB+	A-	BBB-	BBB	BBB-	BBB	BBB-	NA	BBB
BBB	A-	BBB-	BBB	BBB-	BBB	BBB-	NA	BBB
BBB-	A-	BBB-	BBB	BBB-	BBB	BBB-	NA	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	NA	At least as high as the Relevant Notes rating

The Funding 1 swap provider or any relevant guarantor will have the relevant S&P required rating if its 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.

The Funding 1 swap provider and any applicable guarantor fails to have any S&P initial required rating where S&P framework Strong, Adequate or Moderate applies.	The Funding 1 swap provider must provide collateral within 10 business days (to the extent required depending on the value of the Funding 1 swap in respect of fixed rate loans (the **Funding 1 fixed rate swap**) to each of the parties at such time) unless it (i) transfers its obligations in respect of the Funding 1 fixed rate swap to an entity that is eligible to be a swap provider under the S&P ratings criteria, (ii) obtains a guarantee in respect of the Funding 1 fixed rate swap from an entity with the S&P initial required ratings, or (iii) takes such other action as is required to maintain, or restore, the rating of the S&P relevant notes. Funding 1 may terminate the Funding 1 fixed rate swap if the Funding 1 swap provider fails to provide collateral in respect of the Funding 1 fixed rate swap in the relevant time period (to the extent the Funding 1 swap provider is required to do so).
The Funding 1 swap provider and any applicable guarantor fails to have any S&P subsequent required rating where S&P framework Strong, Adequate or Moderate applies.	The Funding 1 swap provider must use its commercially reasonable efforts to, within 90 calendar days, either (i) transfer its obligations in respect of the Funding 1 fixed rate swap to an entity that is eligible to be a swap provider under the S&P ratings criteria, (ii) obtain a guarantee in respect of the Funding 1 fixed rate swap from an entity with at least the S&P subsequent required ratings, or (iii) take such other action as is

Required Ratings/Triggers	Possible effects of Trigger being breached include the following
	required to maintain, or restore, the rating of the S&P relevant notes. Whilst this process is on-going the Funding 1 swap provider must also provide collateral within 10 business days (to the extent required depending on the value of the Funding 1 fixed rate swap to each of the parties at such time). Funding 1 may terminate the Funding 1 fixed rate swap if the Funding 1 swap provider fails to provide collateral in respect of the Funding 1 fixed rate swap in the relevant time period (to the extent the Funding 1 swap provider is required to do so). Funding 1 may also terminate the Funding 1 fixed rate swap if the Funding 1 swap provider either fails to use its commercially reasonable efforts to take the relevant actions or the relevant time period has expired.
The Funding 1 swap provider and any applicable guarantor fails to have any S&P required rating where S&P framework Weak applies.	The Funding 1 swap provider must use its commercially reasonable efforts to, within 90 calendar days either (i) transfer its obligations in respect of the Funding 1 fixed rate swap to an entity that is eligible to be a swap provider under the S&P ratings criteria, (ii) obtain a guarantee in respect of the Funding 1 fixed rate swap from an entity with at least the S&P initial required ratings, or (iii) take such other action as is required to maintain, or restore, the rating of the S&P relevant notes. There is no requirement to provide collateral whilst the process is on-going. Funding 1 may terminate the Funding 1 fixed rate swap if the Funding 1 swap provider either fails to use its commercially reasonable efforts to take the relevant actions or the relevant time period has expired.
Moody's required ratings	
The Funding 1 swap provider, or any additional guarantor, must satisfy the following requirements to have the Moody's required ratings: the long-term, unsecured and unsubordinated debt obligations must be rated at least A3 by Moody's or the long-term	The Funding 1 swap provider must provide collateral within 30 business days (to the extent required depending on the value of the Funding 1 fixed rate swap to each of the parties at such time).

Required Ratings/Triggers	Possible effects of Trigger being breached include the following
counterparty risk assessment must be A3(cr) or above by Moody's.	The Funding 1 swap provider must use its commercially reasonable efforts to, as soon as reasonably practicable, either transfer its obligations in respect of the Funding 1 fixed rate swap to an entity that is eligible to be a swap provider under the Moody's criteria or obtain a guarantee of its obligations in respect of the Funding 1 fixed rate swap from an entity with at least the relevant Moody's required ratings. Funding 1 may terminate the Funding 1 fixed rate swap if the Funding 1 swap provider either (a) fails to use its commercially reasonable efforts to take the relevant actions described above or (b) at least 30 business days have elapsed since the Funding 1 swap provider last had the relevant Moody's required ratings and, *inter alia*, an offer has been made by a third party that is able to assume the obligations in respect of the Funding 1 fixed rate swap of the Funding 1 swap provider.

Fitch required ratings: The Fitch required ratings are set out in the table below.

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, AAsf, AA-sf	A- or F1	BBB- or F3	BBB+ or F2
A+sf, Asf, A-sf	BBB or F2	BB+	BBB or F2
BBB+sf, BBBsf, BBB-sf	BBB- or F3	BB-	BBB- or F3
BB+sf, BBsf, BB-sf	At least as high as the Relevant Notes rating	B+	BB-
B+sf or below or Relevant Notes are not rated by Fitch	At least as high as the Relevant Notes rating	B-	B-

***** If the Funding 1 swap provider is not incorporated in the same jurisdiction as the issuer and, following a request from Fitch, has not provided to Fitch a legal opinion, in a form acceptable to Fitch, confirming the enforceability of the subordination provisions against it in its jurisdiction, references in the Fitch subsequent required ratings section below to "Supported Minimum Counterparty Rating" shall be deemed to be references to "Supported Minimum Counterparty Rating (adjusted)".

Fitch initial required ratings

The Funding 1 swap provider and any applicable guarantor fails to have a long-term issuer default rating	The Funding 1 swap provider must, on a reasonable efforts basis, provide collateral

Required Ratings/Triggers	Possible effects of Trigger being breached include the following
(or, if assigned, a derivative counterparty rating) and if applicable, a short-term issuer default rating at least as high as the required Fitch Unsupported Minimum Counterparty Rating corresponding to the then current rating of the Relevant Notes.	within 14 calendar days (to the extent required depending on the value of the Funding 1 Fixed Rate Swap to each of the parties at such time) unless, within 30 calendar days, it either (i) transfers its obligations in respect of the Funding 1 Fixed Rate Swap to an entity that is eligible to be a swap provider under the Fitch ratings criteria, (ii) obtains a guarantee or co-obligor in respect of the Funding 1 Fixed Rate Swap from an entity with the Fitch initial required rating, or (iii) takes such other action as will maintain, or restore, the rating of the Fitch relevant notes by Fitch. Funding 1 may terminate the Funding 1 Fixed Rate Swap if the Funding 1 swap provider fails to provide collateral in respect of the Funding 1 Fixed Rate Swap in the relevant time period (to the extent the Funding 1 swap provider is required to do so) and the Funding 1 swap provider either fails to use reasonable efforts to take the relevant actions in (i) to (iii) above or the relevant time period has expired.
Fitch subsequent required ratings	
The Funding 1 swap provider and any applicable guarantor fails to have a Fitch long-term issuer default rating (or, if assigned, a derivative counterparty rating) and if applicable, a short-term issuer default rating at least as high as the required relevant Fitch Supported Minimum Counterparty Rating corresponding to the then current rating of the Relevant Notes.	The Funding 1 swap provider must, within 30 calendar days, on a reasonable efforts basis, either (i) transfer its obligations in respect of the Funding 1 Fixed Rate Swap to an entity that is eligible to be a swap provider under the Fitch ratings criteria, (ii) obtain a guarantee or co-obligor in respect of the Funding 1 Fixed Rate Swap from an entity with the Fitch Unsupported Minimum Counterparty Rating corresponding to the then current rating of the Relevant Notes, or (iii) take such other action as will maintain, or restore, the rating of the Fitch relevant notes by Fitch. Whilst this process is on-going the Funding 1 swap provider must also provide collateral within 10 calendar days (to the extent required depending on the value of the Funding 1 Fixed Rate Swap to each of the parties at such time). Funding 1 may terminate the Funding 1 Fixed Rate Swap if the Funding 1 swap provider fails to provide collateral in

Required Ratings/Triggers	Possible effects of Trigger being breached include the following
	respect of the Funding 1 Fixed Rate Swap in the relevant time period (to the extent the Funding 1 swap provider is required to do so). Funding 1 may also terminate the Funding 1 Fixed Rate Swap if the Funding 1 swap provider either fails to use reasonable efforts to take the relevant actions in (i) to (iii) above or the relevant time period has expired.
The issuer swap provider	
Loss of the S&P required ratings, the Fitch required ratings or the Moody's required ratings, as set out below. While the relevant required ratings set out below are correct in respect of each each outstanding issuer swap as at the date of this Prospectus, these are subject to change in respect to any future issuer swap as a result of updates made to the applicable criteria (and applicable generally accepted practice with respect to such criteria) since the date of issuance of the issuer swaps outstanding as at the date of this Prospectus.	The relevant remedial actions are set out below depending on the trigger that has been breached. The timing for the relevant actions depends on the relevant trigger that has been breached. While the relevant remedial actions and relevant timing for such actions set out below are correct in respect of each each outstanding issuer swap as at the date of this Prospectus, these are subject to change in respect to any future issuer swap as a result of updates made to the applicable criteria (and applicable generally accepted practice with respect to such criteria) since the date of issuance of the issuer swaps outstanding as at the date of this Prospectus.
For so long as the notes corresponding to the relevant issuer swap are rated by S&P, the **S&P required ratings** set out below apply, as though each reference therein to S&P relevant notes were a reference to the notes corresponding to the relevant issuer swap. The relevant S&P required ratings depend on which S&P framework is elected by the issuer swap provider from time to time (the **S&P framework**) and the rating of the notes corresponding to the relevant issuer swap. There are four S&P frameworks; Strong, Adequate, Moderate and Weak. For so long as the notes corresponding to the relevant issuer swap are rated by Fitch, the **Fitch required ratings** set out below apply. For so long as the notes are rated by Moody's, the **Moody's required ratings** set out below apply.	Following the loss of any S&P required rating, during the relevant period, the issuer swap provider may, in addition to each of the remedies set out below, elect to change the S&P framework in order to cure the breach of the ratings trigger (i.e. where the issuer swap provider has the required ratings under another S&P framework but does not have the required ratings under the S&P framework currently in effect).

Required Ratings/Triggers	Possible effects of Trigger being breached include the following

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

	"S&P Strong"		"S&P Adequate"		"S&P Moderate"		"S&P Weak"	
Rating of the Relevant Notes	**Initial S&P Rating Event**	**Subsequent S&P Rating Event**	**Initial S&P Rating Event**	**Subsequent S&P Rating Event**	**Initial S&P Rating Event**	**Subsequent S&P Rating Event**	**Initial S&P Rating Event**	**Subsequent S&P Rating Event**
AAA	A-	BBB+	A-	A-	A	A	NA	A+
AA+	A-	BBB+	A-	A-	A-	A-	NA	A+
AA	A-	BBB	BBB+	BBB+	A-	A-	NA	A
AA-	A-	BBB	BBB+	BBB+	BBB+	BBB+	NA	A-
A+	A-	BBB-	BBB	BBB	BBB+	BBB+	NA	A-
A	A-	BBB-	BBB	BBB	BBB	BBB	NA	BBB+
A-	A-	BBB-	BBB	BBB-	BBB	BBB	NA	BBB+
BBB+	A-	BBB-	BBB	BBB-	BBB	BBB-	NA	BBB
BBB	A-	BBB-	BBB	BBB-	BBB	BBB-	NA	BBB
BBB-	A-	BBB-	BBB	BBB-	BBB	BBB-	NA	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	NA	At least as high as the Relevant Notes rating

The issuer swap provider or any relevant guarantor will have the relevant S&P required rating if its 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.

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

The issuer swap provider must provide collateral within 10 business days (to the extent required depending on the value of the issuer swap) unless it (i) transfers its obligations in respect of the issuer swap to an entity that is eligible to be a swap provider under the S&P ratings criteria, (ii) obtains a guarantee in respect of the issuer swap from an entity with the S&P initial required ratings, or (iii) takes such other action as is required to maintain, or restore, the rating of the S&P relevant notes.

The issuer may terminate the relevant issuer swap if the issuer swap provider fails to provide collateral in respect of the issuer swap in the relevant time period (to the extent the issuer swap provider is required to do so). The issuer may also terminate the relevant issuer swap if the issuer swap provider either fails to use its commercially reasonable efforts to take the relevant actions or the relevant time period has expired.

Required Ratings/Triggers	Possible effects of Trigger being breached include the following
The issuer swap provider and any applicable guarantor fails to have the subsequent required rating where S&P framework Strong, Adequte or Moderate applies.	The issuer 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 required ratings, or (iii) take such other action as is required to maintain, or restore, the rating of the notes corresponding to the relevant issuer swap. Whilst this process is on-going, the issuer swap provider must provide collateral within 10 business days (to the extent required depending on the value of the issuer swap). The issuer may terminate the relevant issuer swap if the issuer swap provider fails to provide collateral in respect of the issuer swap in the relevant time period (to the extent the issuer swap provider is required to do so). The issuer may also terminate the relevant issuer swap if the issuer swap provider either fails to use its commercially reasonable efforts to take the relevant actions or the relevant time period has expired.
The issuer swap provider and any applicable guarantor fails to have any S&P required rating where S&P framework Weak applies.	The issuer 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 required ratings, or (iii) take such other action as is required to maintain, or restore, the rating of the notes corresponding to the relevant issuer swap. There is no requirement to provide collateral whilst the process is on-going. The issuer may terminate the relevant issuer swap if the issuer swap provider either fails to use its commercially reasonable efforts to take the relevant actions or the relevant time period has expired.

Moody's Required Ratings

Required Ratings/Triggers	Possible effects of Trigger being breached include the following
The issuer swap provider, or an applicable guarantor, must satisfy the following requirements to have the Moody's required ratings: either the long-term, unsecured and unsubordinated debt or counterparty obligations must be rated at least A3 by Moody's or the long-term counterparty risk assessment must be A3(cr) or above by Moody's.	The relevant issuer swap provider must provide collateral within 30 business days (to the extent required depending on the value of the relevant issuer swap). The relevant issuer swap provider must use its commercially reasonable efforts to, as soon as reasonably practicable, either transfer its obligations in respect of the relevant issuer swaps to an entity that is eligible to be a swap provider under the Moody's criteria or obtain a guarantee of its obligations in respect of the relevant issuer swaps from an entity with at least the relevant Moody's required ratings. The issuer may terminate the relevant issuer swap if the relevant issuer swap provider either (a) fails to use its commercially reasonable efforts to take the relevant actions described above or (b) at least 30 business days have elapsed since the relevant issuer swap provider last had the relevant Moody's required ratings and, inter alia, an offer has been made by a third party that is able to assume the obligations in respect of the relevant issuer swap of the issuer swap provider.
Fitch Initial Required Ratings	
The issuer swap provider or any applicable guarantor fails to have the Fitch initial required rating set out above under "**Funding 1 swap provider" - "Fitch required ratings**" determined as though each reference therein to Fitch relevant notes were a reference to the notes corresponding to the relevant issuer swap. The relevant Fitch initial required ratings depend on the rating of the notes corresponding to the relevant issuer swap.	The relevant issuer swap provider must, on a reasonable efforts basis, (A) provide collateral within 14 calendar days (to the extent required depending on the value of the issuer swap), or (B) within 60 calendar days, either (i) transfer its obligations to an entity that is eligible to be a swap provider under the Fitch ratings criteria, (ii) obtain a guarantee or co-obligor in respect of the issuer swap from an entity with the Fitch Unsupported Minimum Counterparty Rating corresponding to the then current rating of the Relevant Notes, or (iii) take such other action as will maintain, or restore, the rating of the notes corresponding to the relevant issuer swap, provided that pending the taking of any such action, the issuer swap provider must provide collateral within 14 calendar days (to the extent required depending on the value of the issuer swap).

Required Ratings/Triggers	Possible effects of Trigger being breached include the following
	In respect of all issuer swaps, the issuer may terminate the relevant issuer swap if the issuer swap provider fails to provide collateral in respect of the issuer swap in the relevant time period (to the extent the issuer swap provider is required to do so). The issuer may also terminate the relevant issuer swap if the issuer swap provider either fails to use reasonable efforts to take the relevant actions in (i) to (iii) above or the relevant time period has expired.
Fitch Subsequent Required Ratings	
The issuer swap provider and any applicable guarantor fails to have the relevant Fitch subsequent required rating set out above under "**Funding 1 swap provider**—**Fitch required ratings**" determined as though each reference therein to Fitch relevant notes were a reference to the notes corresponding to the relevant issuer swap, the relevant Fitch subsequent required ratings depend on the rating of the notes corresponding to the relevant issuer swap.	The relevant issuer swap provider must, within 60 calendar days, on a reasonable efforts basis, either (i) transfer its obligations to an entity that is eligible to be a swap provider under the Fitch ratings criteria, (ii) obtain a guarantee or co-obligor in respect of the issuer swap from an entity with the Fitch Unsupported Minimum Counterparty Rating corresponding to the then current rating of the Relevant Notes, or (iii) take such other action as will maintain, or restore, the rating of the notes corresponding to the relevant issuer swap. In respect of all issuer swaps, whilst this process is on-going the issuer swap provider must also provide collateral within either 10 or 14 calendar days, depending on the terms of the relevant issuer swap documentation (in each case, to the extent required depending on the value of the issuer swap). In respect of all issuer swaps, the issuer may terminate the relevant issuer swap if the issuer swap provider fails to provide collateral in respect of the issuer swap in the relevant time period (to the extent the issuer swap provider is required to do so). The issuer may also terminate the relevant issuer swap if the issuer swap provider either fails to use reasonable efforts to take the relevant actions in (i) to (iii) above or the relevant time period has expired.

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.

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

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 on or after the occurrence of a non-asset trigger event but prior to the occurrence of an asset trigger event**" for more details) and impact on the repayment of term advances (please see "**The intercompany loan agreement—Repayment of principal on the term advances**" for more details).

Nature of Trigger	Description of Trigger	Consequence of Trigger
Insolvency event	On a trust calculation date, an insolvency event occurs in relation to the seller	All principal receipts on the loans will be paid to the funding companies *pari passu* and *pro rata* according to the Funding 1 proportion and each further funding company proportion respectively, until each of the Funding 1 share and each further funding company share of the trust property (as calculated on the relevant trust calculation date falling in the immediately preceding trust calculation period) has been reduced to zero. The remaining mortgages trust available principal receipts (if any) will then be allocated to the seller.
Substitution of servicer	The seller's ceasing to be the servicer or being required to use reasonable efforts to delegate to a new third party servicer, where a new servicer is not appointed or such delegation does not occur within 60 days	All principal receipts on the loans will be paid the funding companies *pari passu* and *pro rata* according to the Funding 1 proportion and each further funding company proportion respectively, until each of the Funding 1 share and each further funding company share of the trust property (as calculated on the relevant trust calculation date falling in the immediately preceding trust

Nature of Trigger	Description of Trigger	Consequence of Trigger
		calculation period) has been reduced to zero. The remaining mortgages trust available principal receipts (if any) will then be allocated to the seller.
Breach of minimum seller share on two consecutive trust calculation dates	The seller share of the trust property at any time is equal to or less than the minimum seller share on two consecutive trust calculation dates (in each case by reference to the most recent trust calculation date)	All principal receipts on the loans will be paid to the funding companies *pari passu* and *pro rata* according to the Funding 1 proportion and each further funding company proportion respectively, until each of the Funding 1 share and each further funding company share of the trust property (as calculated on the relevant trust calculation date falling in the immediately preceding trust calculation period) has been reduced to zero. The remaining mortgages trust available principal receipts (if any) will then be allocated to the seller.
Breach of minimum trust size on two consecutive trust calculation dates	On any two consecutive trust calculation dates, (i) the aggregate true balance of loans comprising the trust property as calculated at that date is less than the minimum trust size (if any) as specified in respect of such date in the most recent final terms, or (ii) the aggregate true balance of loans comprising the trust property at that date which mature no later than 2 January 2053 is not equal to or greater than the product of (i) 1 plus the minimum seller share expressed as a percentage of the aggregate outstanding principal balance of the loans and (ii) the aggregate principal amount outstanding of the notes with a final maturity date of 21 January 2055. See "**The Mortgages Trust—Cash management of trust property – principal receipts**".	All principal receipts on the loans will be paid to the funding companies *pari passu* and *pro rata* according to the Funding 1 proportion and each further funding company proportion respectively, until each of the Funding 1 share and each further funding company share of the trust property (as calculated on the relevant trust calculation date falling in the immediately preceding trust calculation period) has been reduced to zero. The remaining mortgages trust available principal receipts (if any) will then be allocated to the seller.

Asset Trigger Events

Asset trigger events relate to the performance of the underlying portfolio and will be activated if certain events occur (please see "**The Mortgages Trust—Mortgages trust allocation and distribution of principal receipts on or after the occurrence of an asset trigger event**" for more details) and impact on the repayment of term advances (please see "**The intercompany loan agreement—Repayment of principal on the term advances**" for more details).

Nature of Trigger	Description of Trigger	Consequence of Trigger
Principal deficiencies	When an amount is debited to the AAA principal deficiency sub-ledger of Funding 1 (or the corresponding sub-ledger of any further funding company, as the case may be).	Principal receipts on the loans will be paid to Funding 1, each such further funding company and the seller *pro rata* and *pari passu* according to the then Funding 1 share of the trust property, the share of the trust property attributable to each such further funding company and the seller share of the trust property, until the Funding 1 share of the trust property and the share of the trust property attributable to each such further funding company is zero. When the Funding 1 share of the trust property and each such further funding company share of the trust property is zero, the remaining mortgages trust available principal receipts (if any) will be allocated to the seller.

FEES

The table below sets out the principle on-going transaction fees to be paid by the issuer, Funding 1 and the mortgages trustee to the transaction parties. Each of these fees is subject to change at any time without your notification or approval, including upon the appointment of any successor service provider or any other successor transaction party pursuant to the applicable transaction document.

The servicing fee, the cash management fee and the issuer cash management fee will be inclusive of VAT and the other fees will be exclusive of VAT.

Type of Fee	Amount of Fee	Priority in Cashflow	Frequency
Servicing fees	0.05% per year (inclusive of any VAT) of the aggregate outstanding principal amount of the trust property	Ahead of all revenue amounts payable to beneficiaries by the mortgages trustee, please refer to "**The Mortgages Trust—Mortgages trust calculation of revenue receipts**"	Each distribution date
Mortgages trustee fees	An amount per annum as agreed in accordance with a fee arrangement dated on or about the initial closing date	Ahead of all revenue amounts payable to beneficiaries by the mortgages trustee, please refer to "**The Mortgages Trust—Mortgages trust calculation of revenue receipts**"	Each distribution date
Cash management fee	the sterling equivalent of 0.01% per year (inclusive of any VAT) of the principal amount outstanding of the notes/ The fee is capped at £100,000 per year (inclusive of VAT, if any).	Ahead of all revenue amounts payable to beneficiaries by the mortgages trustee, please refer to "**The Mortgages Trust—Mortgages trust calculation of revenue receipts**"	Each distribution date
Issuer cash management fee	The sterling equivalent of 0.01% per year (inclusive of any VAT) of the principal amount outstanding of the notes. The fee is capped at £100,000 per year (inclusive of VAT, if any).	Ahead of all notes, please refer to "**Cashflows—Distribution of issuer revenue receipts before note acceleration**"	Each issuer payment date
Corporate expenses of mortgages trustee	Estimated £17,500 each year	Ahead of all revenue amounts payable to	Each distribution date

Type of Fee	Amount of Fee	Priority in Cashflow	Frequency
		beneficiaries by the mortgages trustee, please refer to "**The Mortgages Trust—Mortgages trust calculation of revenue receipts**"	
Corporate expenses of issuer, the post-enforcement call option holder, Holdings and Funding 1	Estimated £22,000 each year	Ahead of all notes or, as applicable, all term advances, please refer to "**Cashflows—Distribution of issuer revenue receipts before note acceleration**"	Each interest payment date or, as applicable, Funding 1 payment date
Fee payable by Funding 1 to Funding 1 security trustee and by the issuer to the issuer security trustee, the note trustee and paying agents	An amount per annum as agreed in accordance with a fee arrangement letter dated on or about the initial closing date	Ahead of all notes or, as applicable, all revenue amounts payable by Funding 1 to the issuer, please refer to "**Cashflows—Distribution of Funding 1 available revenue receipts before intercompany loan acceleration**"	Each interest payment date or, as applicable, Funding 1 payment date

OVERVIEW OF THE NOTES

Issuance

Notes may only be issued on the satisfaction of certain issuance tests, as described below under "**The issuance of notes**". In particular, a note may be issued only if there is sufficient credit enhancement on that date in the form of outstanding subordinated term advances and reserves or other forms of credit enhancement, equal to or greater than the required subordinated amount for each outstanding class of notes. The required subordination percentage for a class of notes is the percentage specified as such in the most recent final terms or pricing supplement for any series of notes or such other higher percentage as may be determined by the seller and notified to the issuer, the note trustee, the cash manager and the rating agencies from time to time. However, the required subordination for a class of notes may, subject to certain conditions, including confirmations from S&P that its then current rating of the then outstanding rated notes will not be reduced, qualified or withdrawn as a consequence thereof (and advance notice in writing of such action has been provided to Moody's and Fitch and there being no reduction, qualification or withdrawal by Moody's or Fitch of the then current ratings of the rated notes as a consequence thereof) (provided that such confirmation from S&P shall not be required to the extent such rating agency does not maintain a rating of any notes which are outstanding), be increased or decreased without noteholder consent.

In certain circumstances, the requirement to comply with certain of the issuance tests may be waived, as described in "**The issuance of notes**".

It is also a condition to the issuance of each series and class (or sub-class) of rated notes that they be assigned the following ratings by at least one of Standard & Poor's, Moody's or Fitch.

	Class A	**Class B**	**Class M**	**Class C**	**Class D**
			(other than money market notes)		
Standard & Poor's	AAA (sf)	AA (sf)	A (sf)	BBB (sf)	BB (sf)
Moody's	Aaa (sf)	Aa3 (sf)	A2 (sf)	Baa2 (sf)	Ba2 (sf)
Fitch	AAAsf	AAsf	Asf	BBBsf	BBsf

It is a condition to the issuance of any series and class (or sub-class) of notes which are designated as money market notes that they will be assigned a rating of A-1+, P-1 or F1+ by at least one of Standard & Poor's, Moody's or Fitch, respectively. See further "**Money market notes**", below.

The ratings assigned to each class (or sub-class) of rated notes of a series will be specified in the applicable final terms (or, in the case of exempt notes, the applicable pricing supplement). The term advances will not be rated by the rating agencies.

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.

In relying on the fact that S&P has confirmed that the then current rating of the relevant series and/or class or classes of rated notes would not be adversely affected by a proposed modification to the transaction documents (and advance notice in writing of any such proposed modification has been provided to Moody's and Fitch and there being no reduction, qualification or withdrawal by Moody's or Fitch of the then current ratings of the rated notes as a consequence thereof) (provided that such confirmation from S&P shall not be required to the extent such rating agency does not maintain a rating of any notes which are outstanding), potential investors should note that any kind of confirmation

provided by a rating agency does not impose or extend any actual or contingent liability for such rating agency to the note trustee or the issuer security trustee, the noteholders of any rated note or any other person or create any legal relations between the rating agencies and the note trustee, the issuer security trustee, the issuer noteholders or any other person whether by way of contract or otherwise.

Standard & Poor's, Moody's and Fitch together comprise the rating agencies referred to in this base prospectus. The term "**rating agencies**" also includes any further or replacement rating agency appointed by the issuer with the approval of the note trustee to give a credit rating to the rated notes of any series.

The issuer (or Funding 1, if the issuer is unable to pay) 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 rated notes while they are outstanding.

Eligibility of notes for purchase by money market funds

Notes of a series designated in the applicable final terms (or, in the case of exempt notes, the applicable pricing supplement) as money market notes issued by the issuer will be "Eligible Securities" within the meaning of Rule 2a-7 under the Investment Company Act.

Form and denominations of the notes

The notes (in either global or definitive form) of a series will be issued in such denominations as specified in the applicable final terms (or, in the case of exempt notes, the applicable pricing supplement), save that the minimum denomination of each 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 euro-denominated notes will be issued in minimum denominations of €100,000 and in integral multiples of €1,000 in excess thereof, U.S. dollar-denominated notes will be issued in minimum denominations of $150,000 and in integral multiples of $1,000 in excess thereof and sterling-denominated notes will be issued in minimum denominations of £100,000 and in integral multiples of £1,000 in excess thereof. Notwithstanding the above, each note denominated in a currency other than euro (including U.S. dollar-denominated notes and sterling-denominated notes) shall have a minimum denomination in an amount equivalent (as at the date of the issue of the note) in that currency to at least €100,000.

The notes issued by the issuer will be constituted by the note trust deed.

The notes of any class (or sub-class) sold to non-U.S. persons in reliance on Regulation S will be represented by one or more Reg S global notes, which will be deposited with a common depositary for Euroclear and Clearstream, Luxembourg or with a common safekeeper for Euroclear and Clearstream, Luxembourg. Beneficial interests in a Reg S global note may only be held through, and transfers thereof will only be effected through, records maintained by Euroclear or Clearstream, Luxembourg or their participants (as applicable) at any time. The Reg S global note will bear a legend to the effect that such Reg S global note, or any interest therein, may not be transferred except to non-U.S. persons outside of the United States and only in compliance with the transfer restrictions set out in such legend. See "**Book entry clearance procedures**" and "**Transfer restrictions and investor representations**".

The notes of any class (or sub-class) sold in reliance on Rule 144A to persons who are QIBs that are also QPs acting for their own accounts or the accounts of other persons that are QIBs that are also QPs will be represented by one or more Rule 144A global notes, which will either (i) be deposited with Citibank, N.A., as custodian for, and registered in the name of a nominee for DTC or (ii) be deposited with a common depositary for Euroclear and Clearstream, Luxembourg or with a common safekeeper for Euroclear and Clearstream, Luxembourg, as specified in the applicable final terms (or, in the case of exempt notes, the applicable pricing supplement). Beneficial interests in a Rule 144A global note may only be held through, and transfers thereof will only be effected through, records maintained by

DTC, Euroclear or Clearstream, Luxembourg or their participants (as applicable) at any time. The Rule 144A global notes will bear a legend to the effect that such Rule 144A notes, or any interest therein, may not be transferred except to persons that are QIBs that are also QPs and only in compliance with the transfer restrictions set out in such legend. See "**Book entry clearance procedures**".

The global notes will not, except in limited circumstances, be exchangeable for notes in definitive form. The notes will not be issued in bearer form.

See "**Transfer restrictions and investor representations**".

Maturities

Notes of a series will be issued in such maturities as may be specified in the applicable final terms (or, in the case of exempt notes, the applicable pricing supplement), subject to compliance with all applicable legal and/or regulatory and/or central bank requirements.

Currencies

Subject to compliance with all applicable legal, regulatory and central bank requirements, a series and class (or sub-class) of notes may be denominated in such currency or currencies as specified in the applicable final terms (or, in the case of exempt notes, the applicable pricing supplement).

Issue Price

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

Selling restrictions

For a description of certain restrictions on offers, sales and deliveries of a series of notes and on the distribution of offering material in the United States of America, the United Kingdom, the EU and certain other jurisdictions see "**Subscription and sale**" and in any supplementary prospectus.

Relationship between the notes and the intercompany loan

The intercompany loan will comprise multiple term advances. The gross proceeds of a class (or sub-class) of a series of notes will fund a single term advance. The repayment terms of a term advance (for example, dates for payment of principal and the type of amortisation or redemption) will reflect the terms of the class (or sub-class) of notes of the applicable series that funded that term advance. Subject to any swap agreements as described under "**The swap agreements**", the applicable Funding 1 priority of payments and the applicable issuer priority of payments, the issuer will repay a class (or sub-class) of notes of such series from payments received by it from Funding 1 under the corresponding term advance (and where the relevant series and class (or sub-class) of notes is denominated in a currency other than sterling, after making the appropriate currency exchange under the relevant issuer swap agreement).

The ability of Funding 1 to make payments on the intercompany loan will depend principally on Funding 1 receiving the amount required to make such payments from its share of collections on the trust property, and such amount will in turn depend principally on the collections the mortgages trustee receives on the loans and the related security and the allocation of monies among the seller, Funding 1 and any other beneficiaries under the trust. For more information on the intercompany loan, see "**The intercompany loan agreement**".

Payment and ranking of the notes

A series and class (or sub-class) of notes may be issued as **monthly notes**, in which case payments of interest on such notes and on the term advances which were funded by such notes will be made on a monthly basis (**monthly term advances**), or as **non-monthly notes**, in which case payments of interest on such notes and on the term advances which were funded by such notes (**non-monthly term advances**) will be made (prior to the occurrence of a trigger event, the service of a note acceleration notice on the issuer, or the service of an intercompany loan acceleration notice on Funding 1 or the occurrence of a step-up date (or any other date specified in relation thereto in the applicable final terms (or, in the case of exempt notes, the applicable pricing supplement)) in respect of that note) on a non-monthly basis (that is, for instance, on a quarterly, semi-annual or annual basis).

Notwithstanding the above, funds which are available to be applied in the payment of interest on all notes will be allocated towards payment (in the case of monthly notes and monthly term advances) or towards provision for payment (in the case of non-monthly notes and non-monthly term advances) on a monthly basis.

The monthly allocation of such available funds towards interest on the class A notes of all series will rank ahead of such allocation for interest on the class B notes of all series, the class M notes of all series, the class C notes of all series, the class D notes of all series and the class Z notes of all series. The monthly allocation of such available funds towards interest on the class B notes of all series will rank ahead of such allocation for interest on the class M notes of all series, the class C notes of all series, the class D notes of all series and the class Z notes of all series. The monthly allocation of such available funds towards interest on the class M notes of all series will rank ahead of such allocation for interest on the class C notes of all series, the class D notes of all series and the class Z notes of all series. The monthly allocation of such available funds towards interest on the class C notes of all series will rank ahead of such allocation for interest on the class D notes of all series and the class Z notes of all series. The monthly allocation of such available funds towards interest on the class D notes of all series will rank ahead of such allocation for interest on the class Z notes of all series.

Any amount that has been allocated in any month towards the payment, or provision for payment of interest, on any class (or sub-class) of notes of any series may only be applied on the interest payment date for such notes in payment of such interest amount on such class (or sub-class) of notes and will not be available for the payment of interest due on any other class (or sub-class) of notes of such series (or of any other series).

Payments of principal on the class A notes of any series due on an interest payment date will rank ahead of payments of principal on the class B notes of any series, the class M notes of any series, the class C notes of any series, the class D notes of any series and the class Z notes of any series (in each case due on such interest payment date). Payments of principal on the class B notes of any series due on an interest payment date will rank ahead of payments of principal on the class M notes of any series, the class C notes of any series, the class D notes of any series and the class Z notes of any series (in each case due on such interest payment date). Payments of principal on the class M notes of any series due on an interest payment date will rank ahead of payments of principal on the class C notes of any series, the class D notes of any series and the class Z notes of any series (in each case due on such interest payment date). Payments of principal on the class C notes of any series due and payable on an interest payment date will rank ahead of payments of principal on the class D notes of any series and the class Z notes of any series (in each case due on such interest payment date). Payments of principal on the class D notes of any series due on an interest payment date will rank ahead of payments of principal on the class Z notes of any series due and payable on such interest payment date.

However, prior to the occurrence of a pass-through trigger event (and in a manner similar to that for the payment or provision for payment of interest), funds which are available to be applied in the repayment of principal on pass-through notes will be allocated towards repayment (in the case of monthly notes and monthly term advances) or for the provision for repayment (in the case of non-monthly notes and

non-monthly term advances) on a monthly basis. Any amount that has been allocated in any month towards the repayment, or provision for repayment, of principal on any class (or sub-class) of pass-through notes of any series may only be applied on the interest payment date for such notes in repayment of such principal amount on such class (or sub-class) of notes and will not be available for the repayment of principal (or the payment of interest) due on any other class (or sub-class) of notes (if any) of such series (or of any other series). However such amounts may be applied to make up a Funding 1 revenue deficit amount as more particularly set out herein.

For more information on such monthly allocations and the priority of payments, see "**Cashflows**" and see also "**Risk Factors—Subordination of other note classes may not protect noteholders from all risk of loss**".

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

- 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 (or sub-classes) of notes of one series may be paid interest and principal before higher-ranking classes (or sub-classes) of notes of a different series.

- No term advance other than the term AAA advances and, consequently, no notes of any class other than the class A notes may be repaid principal if, following such repayment, the amount of subordination available from all outstanding subordinated term advances, reserves and other forms of credit enhancement is less than the required subordination percentage for the relevant class of notes of a series, as at the date of issuance of such notes. The required subordinated amount for each class of notes will be specified in the applicable final terms (or, in the case of exempt notes, the applicable pricing supplement) (however, the amount of required subordination for a class of notes may, subject to certain conditions, be increased or decreased, without noteholders' consent). The repayment tests, which determine whether any term advance and, consequently, any series and class (or sub-class) of notes may be repaid principal, are set out in "**Cashflows**". The failure to repay principal in respect of a term advance (other than the term AAA advances) and the related 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 notes.

- If there is a debit balance on a principal deficiency sub-ledger with respect to a particular subordinate-ranking term advance or the general reserve fund is less than the Funding 1 reserve 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 notes outstanding, no amount of principal will be repayable, or allocated to provide for repayment, in respect of such subordinated term advance and related series and class (or sub-class) of notes until such situation is cured. The failure to repay principal in respect of such term advance and the related notes on the applicable redemption dates for such reason will not constitute an event of default in respect of such term advance or in respect of the related notes.

- To the extent required, but subject to certain limits and conditions, Funding 1 may apply amounts standing to the credit of the general reserve fund and the Funding 1 liquidity reserve fund (if any) in payment of, among other things, amounts due to the issuer in respect of the term advances.

- Prior to service of a note acceleration notice, a series and class (or sub-class) of notes will 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, a series and class (or sub-class) of notes will be redeemed by the issuer on the final maturity date specified in the applicable final terms (or, in the case of exempt notes, the applicable pricing supplement). The failure to redeem a series and class (or sub-class) of notes on its final maturity date will constitute a note event of default in respect of such notes.

- Following service of a note acceleration notice, the priority of payments will change and the issuer will make payments of interest and principal in accordance with and subject to the relevant priority of payments as described below under "**Cashflows**".

Interest

Interest will accrue on a series and class (or sub-class) of notes from its date of issuance at the applicable interest rate specified for that series and class (or sub-class) of notes, which may be a fixed or floating rate or have a combination of these characteristics, in the applicable final terms (or, in the case of exempt notes, the applicable pricing supplement). Interest on a series and class (or sub-class) of notes will be due and payable on interest payment dates as specified in the applicable final terms (or, in the case of exempt notes, the applicable pricing supplement).

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), the class D 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), 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 and/or class D notes are outstanding) on any interest payment date in respect of such notes will be deferred (and will accrue interest) until the immediately succeeding interest payment date in respect of such notes. On that immediately succeeding interest payment date, the amount of interest due on the relevant class of notes will be increased to take account of such deferred interest together with additional interest that accrues on such deferred interest. If on that interest payment date there is still a shortfall, that shortfall will be deferred again. Noteholders may therefore not receive all interest amounts payable on those classes of notes. Payments of interest due on any interest payment date in respect of the most senior class of notes then outstanding may not be deferred and the failure to pay interest on such notes will be a note event of default.

Certain classes (or sub-classes) of notes in any series may include a step-up amount, payable on such class (or sub-class) of notes following a specified date (such date, a **step-up date**) (as detailed in the applicable final terms (or, in the case of exempt notes, the applicable pricing supplement)). Such step-up amount in the rate of interest (the **step-up coupon**) will rank *pari passu* with interest and principal due on the relevant class of notes of such series.

Such step-up coupons, even on the most senior classes of notes, will only be due and payable on each applicable interest payment date to the extent that there are funds available to the issuer for such purpose after having made all payments ranking senior thereto in accordance with the applicable issuer priority of payments. Any shortfall in payments of step-up coupons will themselves accrue interest and be deferred until the next interest payment date on which there are funds available to the issuer for such purpose, provided that such deferred interest and additional interest shall not be deferred beyond the final maturity date of the applicable series and class (or sub-class) of notes. The detail of a step-up coupon, if any, for a series and class (or sub-class) of notes will be detailed in the applicable final terms (or, in the case of exempt notes, the applicable pricing supplement).

Fixed rate notes

For a series and class (or sub-class) of fixed rate notes, interest will be payable at a fixed rate on such interest payment dates and on redemption as specified in the applicable final terms (or, in the case of exempt notes, the applicable pricing supplement) and will be calculated on the basis of such day count

fraction as specified in the applicable final terms (or, in the case of exempt notes, the applicable pricing supplement).

Floating rate notes

A series and class (or sub-class) of floating rate notes will bear interest in each case at such rate as specified in the applicable final terms (or, in the case of exempt notes, the applicable pricing supplement). The margin, if any, relating to such series and class (or sub-class) of notes will be specified in the applicable final terms (or, in the case of exempt notes, the applicable pricing supplement). Interest on floating rate notes in respect of each interest period will be payable on such interest payment dates and will be calculated on the basis of such day count fraction as specified in the applicable final terms (or, in the case of exempt notes, the applicable pricing supplement).

Scheduled redemption notes

A series and class (or sub-class) of scheduled redemption notes will be redeemable on scheduled redemption dates in one or more scheduled amortisation instalments, the dates and amounts of which will be specified in the applicable final terms (or, in the case of exempt notes, the applicable pricing supplement). Funding 1 will seek to accumulate funds relating to scheduled amortisation instalments over their cash accumulation period in order to repay such funds as a lump sum payment to the issuer so that the issuer can make the corresponding payment in respect of the scheduled redemption notes on the relevant scheduled redemption date. A cash accumulation period in respect of a scheduled amortisation instalment is the period of time beginning on the date which is three months prior to the relevant scheduled redemption date, unless otherwise specified in the applicable final terms (or, in the case of exempt notes, the applicable pricing supplement). If there are insufficient funds on a scheduled redemption date to repay a scheduled amortisation instalment in respect of a series and class (or sub-class) of scheduled redemption notes, then the issuer will be required to pay the shortfall, to the extent it receives funds therefor, on subsequent interest payment dates in respect of such notes. No assurance can be given that Funding 1 will accumulate sufficient funds during the cash accumulation period relating to a scheduled amortisation instalment to enable it to repay, in full, such instalment on its scheduled repayment date to the issuer so that the issuer is able to repay, in full, the scheduled amount due in respect of the related series of scheduled redemption notes on their scheduled redemption date.

Where the scheduled amortisation instalments in respect of a scheduled amortisation term advance do not add up to the principal amount of that scheduled amortisation term advance, the remaining amounts are expected (subject to the terms of the applicable final terms and the intercompany loan confirmation to the intercompany loan agreement) to be due and payable on the interest payment date immediately following the interest payment date on which the final scheduled amortisation instalment was due and payable. An example of this was the series 2018-1 class A notes.

Following the earlier to occur of a pass-through trigger event and any other date specified in relation thereto in the applicable final terms (or, in the case of exempt notes, the applicable pricing supplement) in relation to a series and class (or sub-class) of scheduled redemption notes, such notes will be deemed to be monthly pass-through notes and the issuer will repay such notes to the extent that funds are available and subject to the conditions regarding repayment on issuer payment dates.

Bullet redemption notes

A series and class (or sub-class) of bullet redemption notes will be redeemable in full on the bullet redemption date specified in the applicable final terms (or, in the case of exempt notes, the applicable pricing supplement). Funding 1 will seek to accumulate funds relating to principal payments on each bullet term advance over its cash accumulation period in order to repay such funds as a lump sum payment to the issuer so that the 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 calculated as necessary (unless otherwise specified in the applicable final terms (or,

in the case of exempt notes, the applicable pricing supplement)) for Funding 1 to accumulate enough principal receipts derived from its share of the trust property to repay that bullet term advance to the issuer on such scheduled repayment date so that the issuer will be able to redeem the corresponding bullet redemption notes in full on the relevant bullet redemption date. The cash accumulation period will be determined according to the formula described under "**The Mortgages Trust—Definitions**". To the extent that 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 issuer will be required to pay the shortfall, to the extent it receives funds therefor, on subsequent interest payment dates in respect of such notes. No assurance can be given that Funding 1 will accumulate sufficient funds during the cash accumulation period relating to a bullet term advance to enable it to repay, in full, such term advance on its scheduled repayment date to the issuer so that the issuer is able to repay, in full, principal of the related series of bullet redemption notes on their bullet redemption date.

Following the earlier to occur of a pass-through trigger event and any other date specified in relation thereto in the applicable final terms (or, in the case of exempt notes, the applicable pricing supplement) in relation to a series and class (or sub-class) of bullet redemption notes, such notes will be deemed to be monthly pass-through notes and the issuer will repay such notes to the extent that funds are available and subject to the conditions regarding repayment on issuer payment dates.

Pass-through notes

A series and class (or sub-class) of pass-through notes will be redeemable in full on the final maturity date specified in the applicable final terms (or, in the case of exempt notes, the applicable pricing supplement). On each Funding 1 payment date, Funding 1 may be permitted to make payments of amounts equal to the pass-through requirement in respect of pass-through term advances to the issuer or credit amounts to non-monthly term advance principal ledgers in respect of non-monthly pass-through term advances up to an amount equal to the pass-through requirement in respect of such pass-through term advances so that the issuer may, on the applicable interest payment date for the related series and class (or sub-class) of pass-through notes, repay all or part of the pass-through notes prior to their final maturity dates.

Following the earlier to occur of a pass-through trigger event or any other date specified in relation thereto in the applicable final terms (or, in the case of exempt notes, the applicable pricing supplement) in relation to a series and class (or sub-class) of notes, any notes comprising such series which are scheduled redemption notes or bullet redemption notes or non-monthly pass-through notes shall be deemed as of such occurrence to be monthly pass-through notes and the issuer will repay such notes *pari passu* and *pro rata* with any original pass-through notes of that series and class (or sub-class) to the extent that funds are available and subject to the conditions for repayment on issuer payment dates.

Money market notes

From time to time the issuer may issue a series and class (or sub-class) of notes designated as money market notes in the applicable final terms (or, in the case of exempt notes, the applicable pricing supplement). **Money market notes** are notes which will be "Eligible Securities" within the meaning of Rule 2a-7 of the Investment Company Act. However, any determination as to qualification and compliance with other aspects of Rule 2a-7 is solely the responsibility of each money market fund and its investment adviser, and no representation as to such compliance is made by any of the issuer, Funding 1, the mortgages trustee, Nationwide, the arranger, the note trustee, the Funding 1 security trustee, the issuer security trustee, the corporate services provider, the issuer corporate services provider, the issuer swap providers, any swap guarantors (as applicable), the paying agents, the registrar, the transfer agent, the exchange rate agent (if applicable), the agent bank, any remarketing agent (if applicable), any conditional purchaser (if applicable) or the dealers or any other party to the transaction documents, and no assurance can be given in this regard.

Money market notes will generally be 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 notes were issued.

The issuer may repay certain series and classes (or sub-classes) of such money market notes prior to their final maturity dates, but less than 397 days following issuance, using amounts received from a third party that has agreed to purchase those notes pursuant to the terms of a money market note purchase agreement. In addition, the issuer may provide for remarketing arrangements whereby such money market notes may be remarketed to other investors prior to the end of each of a specified number of periods of less than 397 days following issuance. If such arrangements apply to any such money market notes, the applicable final terms (or, in the case of exempt notes, the applicable pricing supplement) will, in addition to providing information regarding a series and class (or sub-class) of money market notes, identify any money market note purchaser or remarketing agent in respect of such money market notes and the terms of the applicable money market note purchase agreement or remarketing agreement.

Money market notes designated as remarketable notes in the applicable final terms (or, in the case of exempt notes, the applicable pricing supplement) will be issued subject to the mandatory transfer arrangements specified in the applicable final terms (or, in the case of exempt notes, the applicable pricing supplement), if applicable, the remarketing agreement (as defined below) and the note trust deed (the **mandatory transfer**). Under the terms of the mandatory transfer, the issuer will procure the purchase of the remarketable notes on the interest payment date specified in the applicable final terms (or, in the case of exempt notes, the applicable pricing supplement) as the initial mandatory transfer date and on each anniversary thereafter (subject to adjustment for non-business days and subject to the mandatory transfer termination event (as defined below, see "**Other Agreements—The remarketing agreement**") not having occurred) (each such date being a **mandatory transfer date**) until the final maturity or earlier redemption in full of such remarketable notes. Upon payment of the principal amount outstanding on such remarketable notes on the relevant mandatory transfer date (following the application of note principal payments on that date) (the **mandatory transfer price**), all rights in respect of such remarketable notes will be transferred to or for the account of the remarketing agent (as defined below) or as designated by the remarketing agent.

Under the terms of the relevant remarketing agreement (see "**Other Agreements—The remarketing agreement**"), the issuer will appoint the remarketing agent specified in a drawdown prospectus (the **remarketing agent**) to act as its agent to use reasonable efforts to identify third party purchasers for the relevant remarketable notes on each mandatory transfer date prior to the occurrence of a mandatory transfer termination event. If the remarketing agent is unable to identify third party purchasers for all such remarketable notes then outstanding, then the remarketing agent on behalf of the issuer will give notice to the conditional purchaser specified in a drawdown prospectus (the **conditional purchaser**) under an agreement (the **conditional purchase agreement**) to purchase all such remarketable notes. The obligation of the conditional purchaser to purchase such remarketable notes may be subject to limitations on the conditional purchaser's ability to fund its obligations (see "**Risk Factors—Certain events may affect the eligibility of any series or class of money market notes for investment by money market funds**"). If a remarketing termination event (as defined below), other than a note event of default, occurs on or before the relevant mandatory transfer date, the conditional purchaser will be obliged to purchase all the relevant remarketable notes on such mandatory transfer date.

The remarketing agent will have the ability to increase or decrease the margin on the remarketable notes from that payable as at the closing date of the relevant remarketable notes on each mandatory transfer date in accordance with the remarketing agreement. Any increase in margin on the remarketable notes may not exceed an amount specified in the applicable final terms (or, in the case of exempt notes, the applicable pricing supplement) as the maximum reset margin. As from the occurrence of a remarketing termination event, the margin applicable to such remarketable notes will equal the maximum reset margin.

Certain risks relating to repayment of money market notes by means of a money market note subscriber are described under "**Risk Factors—Certain events may affect the eligibility of any series or class of money market notes for investment by money market funds**".

Maturity purchase notes

From time to time, the issuer may issue a series and class (or sub-class) of notes designated as maturity purchase notes in the applicable final terms (or, in the case of exempt notes, the applicable pricing supplement) (the **maturity purchase notes**). Each series and class (or sub-class) of maturity purchase notes will be subject to the purchase arrangements referred to in Condition 5.8 under "**Terms and conditions of the notes**", a maturity purchase deed (the **maturity purchase deed**) to be entered into on or about the closing date for the notes by, among others, the issuer and the maturity purchaser specified in the applicable final terms (or, in the case of exempt notes, the applicable pricing supplement) (the **maturity purchaser**) and the note trust deed.

Maturity purchase notes will be bullet redemption notes and a series and class or (sub-class) of maturity purchase notes will be redeemable in full on and from the bullet redemption date specified in the applicable final terms (or, in the case of exempt notes, the applicable pricing supplement) (the **expected maturity date**).

If the issuer fails to redeem a series and class (or sub-class) of maturity purchase notes in full on the expected maturity date for such notes (or within 3 business days thereof) then, under the purchase arrangements referred to in Condition 5.8 and the applicable maturity purchase deed, the maturity purchaser will be required to purchase on the transfer date (defined below) for such notes, at the maturity purchase price (defined below) for such notes, all of the outstanding maturity purchase notes of that series and class (or sub-class) held by a holder of maturity purchase notes and in respect of which a valid transfer instruction (defined below) or tender instruction (defined below) has been delivered to the relevant clearing system, provided that no note event of default has occurred which is continuing on such transfer date (the **maturity purchase commitment**).

Maturity purchase price, for a series and class (or sub-class) of maturity purchase notes, will be the principal amount outstanding of such maturity purchase notes on the expected maturity date for such notes (plus any interest accrued from and including the expected maturity date to but excluding the transfer date for such notes at the rate of interest applicable on such notes on the basis that such rate of interest shall not be subject to any downward adjustment (including any reduction to the margin scheduled to apply on any step-up date for such notes) on or following the expected maturity date until (and including) the transfer date) after taking into account any principal repayments made by the issuer on or after the expected maturity date to (and including) the transfer date minus the principal deficiency losses (defined below) for such notes.

Principal deficiency losses, for a series and class (or sub-class) of maturity purchase notes, will be the outstanding balance on the principal deficiency ledger attributable, on a *pro rata* basis according to the principal amount outstanding of all notes of such class then outstanding, to such maturity purchase notes on the date specified in the applicable final terms (or, in the case of exempt notes, the applicable pricing supplement) as the loss calculation date (the **loss calculation date**).

The **transfer date**, for a series and class (or sub-class) of maturity purchase notes, will be the later of (i) the date specified in the applicable final terms (or, in the case of exempt notes, the applicable pricing supplement) as the scheduled transfer date (the **scheduled transfer date**) and (ii) the deferred transfer date (defined below).

Upon payment of the maturity purchase price for a series and class (or sub-class) of maturity purchase notes, all rights in respect of such maturity purchase notes will be transferred to or for the account of the maturity purchaser or as designated by the maturity purchaser.

On the business day following the loss calculation date in relation to a series and class of maturity purchase notes the issuer will on the business day following the loss calculation date for such notes (i) give notice (which notice shall be irrevocable) to the holder(s) of any maturity purchase notes held in Euroclear or Clearstream, Luxembourg via Euroclear and Clearstream, Luxembourg of the maturity purchaser's intention to purchase those maturity purchase notes on the transfer date for such notes for cash at a price equal to the maturity purchase price for such notes (the **EC/CS notice to purchase**), (ii) instruct the agent appointed to coordinate the purchase of any maturity purchase notes by the maturity purchaser held in DTC (the **DTC tender agent**) to give notice (which notices shall be irrevocable) to the holder(s) of any maturity purchase notes held in DTC via DTC of the maturity purchaser's intention to purchase such maturity purchase notes on the transfer date for such notes for cash at a price equal to the maturity purchase price for such notes (the **DTC notice to purchase**) and (iii) make a corresponding announcement via the London Stock Exchange plc and Bloomberg.

A holder of any maturity purchase notes of a series and class (or sub-class) has the right (but not the obligation) to elect to have its maturity purchase notes purchased by the maturity purchaser on the transfer date for such notes. A holder of maturity purchase notes of a series and class (or sub-class) may exercise its right to have its maturity purchase notes purchased by the maturity purchaser on the transfer date for such notes (i) in the case of maturity purchase notes held in Euroclear and Clearstream, Luxembourg, by giving an electronic transfer and blocking instruction (which notice shall be irrevocable) in accordance with the usual procedures of Euroclear or Clearstream, Luxembourg (as applicable) (a **transfer instruction**) no later than 4:00 p.m. (London time) on the business day that is 5 business days prior to (but excluding) the transfer date (or such earlier deadline set by any relevant intermediary or clearing system) and (ii) in the case of maturity purchase notes held in DTC, by instructing the DTC tender agent to deliver instructions to DTC in accordance with the usual procedures of DTC acknowledging acceptance of the maturity purchaser's offer to buy the maturity purchase notes (a **tender instruction**) (which shall be irrevocable) no later than 4:00 p.m. (New York time) on the business day that is 5 business days prior to (but excluding) the transfer date (or such earlier deadline set by any relevant intermediary or clearing system).

Where a series and class (or sub-class) of maturity purchase notes in definitive form have been issued in accordance with the trust deed or if the relevant clearing system cease to offer the relevant mechanisms to enable the purchase and settlement of the maturity purchase notes as contemplated in Condition 5.8 and the applicable maturity purchase deed, then the parties to that maturity purchase deed will be required to make reasonable efforts to enter into alternative arrangements to give effect to the arrangements contemplated by the maturity purchase deed and Condition 5.8 and the maturity purchaser will be required to purchase the relevant maturity purchase notes on the later of (i) the relevant scheduled transfer date for such notes and (ii) the date (the **deferred transfer date**) which is the earlier of (a) the date that is 5 business days after the date on which the parties to the maturity purchase deed agree a procedure by which the purchase can occur and (b) 60 days after the scheduled transfer date.

The maturity purchase commitment relating to a series and class (or sub-class) of maturity purchase notes shall terminate upon the earlier of (i) the redemption in full of all of the relevant maturity purchase notes (ii) the purchase by the maturity purchaser of the relevant maturity purchase notes and (iii) in the case of the insolvency of the maturity purchaser, the payment of a liquidated damages amount by the maturity purchaser in respect of all of the relevant maturity purchase notes.

If, on or prior to the transfer date for a series and class (or sub-class) of maturity purchase notes, insolvency proceedings have been commenced against the maturity purchaser for such notes, then the maturity purchaser will procure the payment to the holders of such notes of the amount (in the currency in which the relevant maturity purchase notes are denominated) as liquidated damages, equal to the amount that a third party would be required to be paid as an upfront amount (in the currency in which the relevant maturity purchase notes are denominated) in order to assume the maturity purchaser's obligations in respect of the full amount of the relevant maturity purchase notes outstanding (the **liquidated damages amount**). Such amount will be determined in accordance with the provisions of the applicable maturity purchase deed.

Regardless of whether the applicable maturity purchaser purchases any or all of a series and class (or sub-class) of maturity purchase notes on the relevant transfer date, the maturity purchase notes will remain outstanding until such time as they are redeemed in full or until their final maturity date. Therefore, if the maturity purchaser fails to purchase any or all of a series and class (or sub-class) of maturity purchase notes, the relevant noteholders will remain noteholders with all related rights and their priority, standing and relationship with the issuer (as set out in this base prospectus and the applicable final terms (or, in the case of exempt notes, the applicable pricing supplement)) will not be affected. If the maturity purchaser purchases any or all of that series and class (or sub-class) of maturity purchase notes on the relevant transfer date and the maturity purchaser is the seller or any related entity, then the maturity purchase notes acquired by such maturity purchaser will be deemed not to remain outstanding for the purposes of certain provisions of the trust deed including the right to attend and vote at a meeting of noteholders.

Certain risks relating to repayment of maturity purchase notes are described under "**Risk Factors—Risks in relation to the maturity purchase notes**".

Mandatory or optional redemption of the notes

The issuer may redeem all, but not some only, of a series and class (or sub-class) of notes outstanding 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 notes, subject to the notes not having been accelerated and the availability of sufficient funds, as described in detail in Condition under "**Terms and conditions of the notes**" in the following circumstances, subject to certain conditions set out in the referenced section:

- by reason of a change in law, which change becomes effective on or after the closing date, it has become or will become unlawful for the issuer to make, fund or allow to remain outstanding all or any term advances made or to be made by it under the intercompany loan agreement; or

- the issuer or, as the case may be, Funding 1, being required by virtue of a change in the law and regulations of the United Kingdom or any other jurisdiction (or the application or interpretation thereof) to deduct or withhold from any payment of principal or interest or any other amount under a series and class (or sub-class) of notes or, as applicable, the intercompany loan agreement any amount for or on account of any present or future taxes, duties, assessments or governmental charges of whatever nature, which obligation cannot be avoided by the issuer or, as applicable, Funding 1 taking reasonable measures available to it.

In addition, the issuer may redeem all but not some only (unless otherwise specified in the applicable final terms (or, in the case of exempt notes, the applicable pricing supplement)) of a series and class (or sub-class) of notes outstanding at their aggregate redemption amounts, together with any unpaid and accrued interest in respect thereof by giving notice in accordance with the terms and conditions of such notes, subject to the notes not having been accelerated and the availability of sufficient funds and satisfaction of the prepayment tests, as described in detail in Condition 5.4 below under "**Terms and conditions of the notes**" in the following circumstances subject to certain conditions set out in the referenced section:

- on the step-up date (if any) relating to such series and class (or sub-class) of notes (as specified in the applicable final terms (or, in the case of exempt notes, the applicable pricing supplement)) and on any interest payment date in respect of such notes thereafter;

- on any interest payment date on which the aggregate principal amount outstanding of such series and class (or sub-class) of notes and all other classes or sub-classes of notes of the same series is less than 10% of the aggregate principal amount outstanding of such series of notes as at the closing date on which such series of notes was issued;

- if specified in the applicable final terms (or, in the case of exempt notes, the applicable pricing supplement), on any optional redemption date specified in the applicable final terms (or, in the case of exempt notes, the applicable pricing supplement) in respect of such notes; or

- on any date in respect of which all the noteholders of a series and class (or sub-class) have consented to such redemption,

provided that, in the case of redemption of the class Z notes of a series, the class A notes, the class B notes, the class M notes, the class C notes and the class D notes, in each case, of such series are also redeemed in full on such date, in the case of redemption of the class D notes of a series, the class A notes, the class B notes, the class M notes and the class C notes, in each case, of such series are also redeemed in full on such date, in the case of redemption of the class C notes of a series, the class A notes, the class B notes and the class M notes, in each case, of such series are also redeemed in full on such date, in the case of redemption of the class M notes of a series, the class A notes and the class B notes, in each case, of such series are also redeemed in full on such date and in the case of redemption of the class B notes of a series, the class A notes of such series are also redeemed in full on such date. A series and class of notes may be redeemed other than in accordance with this proviso if S&P has confirmed that the then current ratings of the rated notes issued by the issuer will not be reduced, withdrawn or qualified as a result of such redemption, and advance notice of such redemption having been given to Moody's and Fitch and there being no reduction, qualification or withdrawal by Moody's or Fitch of the then current ratings of the rated notes as a consequence thereof (provided that such confirmation from S&P shall not be required to the extent such rating agency does not maintain a rating of any notes which are outstanding).

Withholding tax

Payments of interest and principal with respect to the notes will be subject to any applicable withholding or deduction for or on account of tax and none of the issuer, any paying agent or any other person will be obliged to pay additional amounts in relation thereto. The applicability of any UK withholding tax is discussed under "**Material information relating to the regulation of mortgages in the UK**".

New issuers

The programme will be structured to allow for new issuers, each of which is expected to be a subsidiary of Holdings, to issue new notes and on-lend all or part of the issue proceeds by way of new intercompany loans to Funding 1 or to a further funding company. Noteholders will be informed of any new issuers, the issue of notes by the issuer or new notes or by any new issuer and new intercompany loans made to Funding 1 or to any further funding company in the next investor report available after the date of such issue. Funding 1's obligations under any new intercompany loan agreements will be secured by the same security that secures the intercompany loan advanced by the issuer to Funding 1. If new issuers are established to issue new notes, one of the conditions precedent to any such issue is that the ratings of the then current rated notes (issued by the issuer or any new issuer) will not be downgraded, withdrawn or qualified by the rating agencies as a result of that issue; however, provided all conditions precedent to such issue are satisfied, your consent will not be required for the establishment of new issuers or further funding companies and the related transactions, nor will you have any right of review in respect thereof. Funding 1 will use the proceeds of new intercompany loans for the purposes more fully described in "**The intercompany loan agreement—New intercompany loan agreements**". All new notes issued from time to time by any new issuer, the proceeds of which are on lent to Funding 1, will also be secured ultimately over the Funding 1 share of the trust property and will be subject to the ranking described in the following sentences. Funding 1 will apply amounts it receives from its share in the trust property to pay amounts it owes under the term advances or new term advances without regard to when the interest in the trust property was acquired or when the term advances or new term advances were made. Funding 1's obligations to pay interest and principal to the issuer on the term advances or to new issuers on their respective new term advances will rank either equally with, ahead of or after each other, primarily depending on the relative rating of each term advance or, as applicable,

new term advance. As Funding 1 enters into new intercompany loan agreements, it will also, if required, enter into new Funding 1 swaps with either Nationwide (in its capacity as the Funding 1 swap provider) or a different Funding 1 swap provider in order to address the potential mismatch between the variable rates or fixed rates paid by borrowers on the loans and the compounded daily SONIA rate of interest paid by Funding 1 on the new intercompany loans. Each new Funding 1 swap and the Funding 1 swap will rank without any order of priority between themselves, but in proportion to the respective amounts due and, in each case, ahead of payments on the term AAA advances, as described further in "**The swap agreements—The Funding 1 swaps**". As Funding 1 enters into new intercompany loan agreements, it will, if required, simultaneously enter into new start-up loan agreements with either Nationwide (in its capacity as the start-up loan provider) or different start-up loan providers, which will provide for the costs and expenses of the issue of the new notes and, if required by the rating agencies in order to support the rating of such rated notes, for extra amounts to be credited to the general reserve fund. Each new start-up loan agreement and the start-up loan agreement will rank without any order of priority between them but in proportion to the respective amounts due and in each case, will be subordinated to payments on the term advances. Any amounts received by Funding 1 from its share in the trust property will not be available to pay (and the security granted by Funding 1 over its assets will not secure) amounts owed by any further funding companies under the new term advances made to such further funding companies, and any amounts received by such further funding companies from their respective shares in the trust property will not be available to pay (and the security granted by such further funding companies over their respective assets will not secure) amounts owed by Funding 1 under the term advances or new term advances made to Funding 1 by the issuer or any new issuer.

Operative documents relating to the notes

The issuer will issue each series of notes under the note trust deed. The notes will also be subject to the paying agent and agent bank agreement. The security for the notes is provided for under the issuer deed of charge between the issuer, the issuer security trustee and the issuer's other secured creditors. Operative legal provisions relating to the notes are included in the note trust deed, the paying agent and agent bank agreement, the issuer deed of charge, the issuer cash management agreement and the notes themselves, each of which is governed by English law.

The loans

After the programme closing date, the seller may, from time to time, sell 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 (i) in relation to an issue of a new series of notes by the issuer or an issue of new notes by a new issuer in respect of either Funding 1 or a further funding company (or both), the proceeds of which may be applied to fund the purchase of the loans and their related security by the mortgages trustee; or (ii) to comply with the seller's obligations under the mortgage sale agreement as described under "**The mortgage sale agreement—Sale of loans and their related security to the mortgages trustee**".

When loans are sold to the mortgages trustee, the amount of the trust property will increase. Depending on the circumstances, the increase in the trust property may result in an increase in the seller share of the trust property, the Funding 1 share of the trust property and/or any further funding company share of the trust property. For a description of how adjustments are made to the seller share, Funding 1 share and any further funding company share, see "**The Mortgages Trust**".

United Kingdom tax status

You are referred to "**United Kingdom Taxation**" for a discussion of UK withholding tax on interest payments to noteholders.

United States tax status

A discussion of certain U.S. federal income tax consequences of the purchase, ownership and disposition of the notes is set out in "**United States federal taxation**". As set forth in that discussion, unless otherwise indicated in the applicable final terms (or, in the case of exempt notes, the applicable pricing supplement), it is anticipated that upon issuance of a series of Rule 144A notes, Allen & Overy LLP, as U.S. tax adviser to the issuer, will deliver their opinion that, although there is no authority on the treatment of instruments substantially similar to the Rule 144A notes, the class A, the class B and the class M Rule 144A notes, when issued, will be treated as debt for U.S. federal income tax purposes and the class C Rule 144A notes, when issued, should be treated as debt for U.S. federal income tax purposes. Unless otherwise specified in the applicable final terms (or, in the case of exempt notes, the applicable pricing supplement), the class D Rule 144A notes will not be treated as debt for U.S. federal income tax purposes. Also, as discussed in "**United States federal taxation**", it is anticipated that Allen & Overy LLP, as U.S. tax adviser to the issuer, will deliver its opinion that, assuming compliance with the transaction documents, the mortgages trustee (acting in its capacity as such), Funding 1 and the issuer will not be subject to U.S. federal income tax.

ERISA considerations for investors

The eligibility of the Rule 144A notes for purchase by employee benefit and other plans subject to Section 406 of ERISA or Section 4975 of the Code and by governmental, church or non-U.S. plans that are subject to any U.S. or non-U.S., state, local or federal law or regulation that is substantially similar to Section 406 of ERISA or Section 4975 of the Code will be set forth in the applicable final terms (or, in the case of exempt notes, the applicable pricing supplement) for such notes, subject to consideration of the issues described herein under "**ERISA Considerations**".

THE ISSUANCE OF NOTES

The notes will be issued pursuant to the note trust deed. The following summary and the information set out in "**Overview of the notes**" and "**Terms and conditions of the notes**" summarise the material terms of the notes and the note trust deed.

General

The notes will be issued in series (other than any class Z GIC collateral note and any class Z variable funding note, which may be issued together with other classes of notes of a series, but will not be linked to a particular series). Each series will comprise one or more sub-class of class A notes, class B notes, class M notes, class C notes, class D notes or class Z notes issued on a single closing date. A class designation determines the relative seniority for receipt of cash flows. The notes of a particular class in different series (and the 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, dates, final maturity dates and ratings. The terms of each series of notes will be set forth in the applicable final terms (or, in the case of exempt notes, the applicable pricing supplement).

Listing

An application will be made to the FCA for the listed notes issued under the programme during the period of 12 months from the date of this base prospectus to be admitted to the Official List and application will be made to the London Stock Exchange for such notes to be admitted to trading on the London Stock Exchange's main market.

Issuance

The issuer may issue new series and classes (or sub-classes) of notes and advance new term advances to Funding 1 from time to time without obtaining the consent of existing noteholders. As a general matter the issuer may only issue a new series and class (or sub-class) of notes if sufficient subordination is provided for that new series and class (or sub-class) of notes by one or more subordinate classes of notes and/or the general reserve fund maintained by Funding 1. The required subordination percentage, which is used to calculate the required subordination for each class of notes other than the class Z notes, will be the percentage specified as such in the most recent final terms or pricing supplement for any series or class of notes or such other higher percentage as may be determined by the seller and notified to the issuer, the note trustee, the cash manager and the rating agencies from time to time. Similarly, the Funding 1 reserve required amount will be specified in each final terms (or, in the case of exempt notes, the applicable pricing supplement). The conditions and tests (including the required levels of subordination) necessary to issue a series and class (or sub-class) of notes, or the issuance tests, include the following:

All classes of notes

On the closing date of any series and class (or sub-class) of notes:

- there must be no debit balance on the principal deficiency ledger in respect of any term advance (excluding any debit balance caused by a debit balance on the NR principal deficiency sub-ledger);
- no note event of default shall have occurred which is continuing or will occur as a consequence of such issuance;
- no acceleration notice has been served on the issuer;
- no intercompany loan acceleration notice has been served on Funding 1;

- the general reserve fund is fully funded up to the Funding 1 reserve required amount;

- each of the applicable transaction documents has been executed by the relevant parties to those documents;

- the issuer has delivered a solvency certificate to the note trustee substantially in the form set out in the note trust deed; and

- S&P has provided written confirmation that their ratings of the outstanding rated notes will not be reduced, qualified or withdrawn as a consequence of such issuance (and advance notice in writing of such issuance has been provided to Moody's and Fitch and there being no reduction, qualification or withdrawal by Moody's or Fitch of the then current ratings of the rated notes as a consequence thereof) (provided that such confirmation from S&P shall not be required to the extent such rating agency does not maintain a rating of any notes which are outstanding),

AND,

For the class A notes of any series,

On the closing date for that series of notes and after giving effect to the issuance of that series of 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** will be calculated, on any date, as the product of:

$$\underline{A \times B}$$

where:

A = the class A required subordination percentage; and

B = the principal amount outstanding of all notes (excluding the class Z GIC collateral notes) on such date (after giving effect to any payments of principal to be made on the notes on such date) less the amounts standing to the credit of the cash accumulation ledger, the Funding 1 principal ledger and (without duplication) the non-monthly term advance principal ledgers 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** will be calculated, on any date, as:

(a) the sum of (i) the aggregate of the principal amounts outstanding of the class B notes of all series, the class M notes of all series, the class C notes of all series, the class D notes of all series and the class Z notes of all series (excluding the class Z GIC collateral notes) (after giving effect to repayments of principal to be made on the notes on such date); and (ii) the aggregate amount of the general reserve fund on such date and (iii) stressed excess spread;

less

(b) without duplication, the sum of (i) amounts standing to the credit of the Funding 1 principal ledger; (ii) the non-monthly term advance principal ledgers available on such date for the payment of principal on term AA advances, term A advances, term BBB advances, term BB advances and term NR advances (after giving effect to any payments of principal to be made on the term advances on such date); and (iii) any debit balance on the NR principal deficiency sub-ledger.

For the class B notes of any series,

On the closing date for that series of notes and after giving effect to the issuance of that series of 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** will be calculated, on any date, as the product of:

$$\underline{A \times B}$$

where:

A = the class B required subordination percentage; and

B = the principal amount outstanding of all notes on such date (excluding the class Z GIC collateral notes) (after giving effect to any payments of principal to be made on the notes on such date) less the amounts standing to the credit of the cash accumulation ledger, the Funding 1 principal ledger and (without duplication) the non-monthly term advance principal ledgers 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** will be calculated, on any date, as:

(a) the sum of (i) the aggregate of the principal amounts outstanding of the class M notes of all series, the class C notes of all series, the class D notes of all series and the class Z notes of all series (excluding the class Z GIC collateral notes) (after giving effect to repayments of principal to be made on the notes on such date); and (ii) the aggregate amount of the general reserve fund on such date and (iii) stressed excess spread;

less

(b) without duplication, the sum of (i) the amounts standing to the credit of the Funding 1 principal ledger; (ii) the non-monthly term advance principal ledgers available on such date for the payment of principal on term A advances, term BBB advances, term BB advances and term NR advances (after giving effect to any payments of principal to be made on the term advances on such date); and (iii) any debit balance on the NR principal deficiency sub-ledger.

For the class M notes of any series,

On the closing date for that series of notes and after giving effect to the issuance of that series of 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** will be calculated, on any date, as the product of:

$$\underline{A \times B}$$

where:

A = the class M required subordination percentage; and

B = the principal amount outstanding of all notes on such date (excluding the class Z GIC collateral notes) (after giving effect to any payments of principal to be made on the notes on such date) less the amounts standing to the credit of the cash accumulation ledger, the Funding 1 principal ledger and (without duplication) the non-monthly term advance principal ledgers

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** will be calculated, on any date, as:

(a) the sum of (i) the aggregate of the principal amounts outstanding of the class C notes of all series, the class D notes of all series and the class Z notes of all series (excluding the class Z GIC collateral notes) (after giving effect to repayments of principal to be made on the notes on such date); and (ii) the aggregate amount of the general reserve fund on such date and (iii) stressed excess spread;

less

(b) without duplication, the sum of (i) the amounts standing to the credit of the Funding 1 principal ledger; (ii) the non-monthly term advance principal ledgers available on such date for the payment of principal on term BBB advances, term BB advances and term NR advances (after giving effect to any payments of principal to be made on the term advances on such date); and (iii) any debit balance on the NR principal deficiency sub-ledger.

For the class C notes of any series,

On the closing date for that series of notes and after giving effect to the issuance of that series of 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** will be calculated, on any date, as the product of:

$$\underline{A \times B}$$

where:

A = the class C required subordination percentage; and

B = the principal amount outstanding of all notes on such date (excluding the class Z GIC collateral notes) (after giving effect to any payments of principal to be made on the notes on such date) less the amounts standing to the credit of the cash accumulation ledger, the Funding 1 principal ledger and (without duplication) the non-monthly term advance principal ledgers 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** will be calculated, on any date, as:

(a) the sum of (i) the aggregate of the principal amounts outstanding of the class D notes of all series and the class Z notes of all series (excluding the class Z GIC collateral notes) (after giving effect to repayments of principal to be made on the notes on such date); and (ii) the aggregate amount of the general reserve fund on such date and (iii) stressed excess spread;

less

(b) without duplication, the sum of (i) the amounts standing to the credit of the Funding 1 principal ledger; the non-monthly term advance principal ledgers available on such date for the payment of principal on term BB advances and term NR advances (after giving

effect to any payments of principal to be made on the term advances on such date); and (iii) any debit balance on the NR principal deficiency sub-ledger.

For the class D notes of any series,

On the closing date for that series of notes and after giving effect to the issuance of that series of notes, the class D available subordinated amount must be equal to or greater than the class D required subordinated amount.

The class **D required subordinated amount** will be calculated, on any date, as the product of:

$$\underline{A \times B}$$

where:

A = the class D required subordination percentage; and

B = the principal amount outstanding of all notes on such date (excluding the class Z GIC collateral notes) (after giving effect to any payments of principal to be made on the notes on such date) less the amounts standing to the credit of the cash accumulation ledger, the Funding 1 principal ledger and (without duplication) the non-monthly term advance principal ledgers 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 D available subordinated amount** will be calculated, on any date, as:

(a) the sum of (i) the aggregate of the principal amounts outstanding of the class Z notes of all series (excluding the class Z GIC collateral notes) (after giving effect to repayments of principal to be made on the notes on such date); and (ii) the aggregate amount of the general reserve fund on such date and (iii) stressed excess spread;

less

(b) without duplication, the sum of (i) the amounts standing to the credit of the Funding 1 principal ledger; (ii) the non-monthly term advance principal ledgers available on such date for the payment of principal on term NR advances (after giving effect to any payments of principal to be made on the term advances on such date); and (iii) any debit balance on the NR principal deficiency sub-ledger.

For the class Z notes of any series

The class Z notes will be supported by surplus available revenue receipts.

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 1 pre-enforcement principal priority of payments (as set out in "**Cashflows—Distribution of Funding 1 available principal receipts**") and shall be calculated without reference to the rules for the application of Funding 1 available principal receipts (as set out in "**Cashflows—Distribution of Funding 1 available principal receipts**").

Stressed excess spread will be calculated, on any date, as:

(a) the product of:

$$\frac{X + Y}{2}$$

and the aggregate outstanding principal amount at such date of the term advances advanced under the intercompany loan agreement (including any term advances made on such date) less the amount debited to the principal deficiency ledger as at such date; less

(b) the product of the weighted average interest rate of the outstanding notes at such date, including any notes issued on such date (subject to adjustment where the step-up date occurs for any series and class (or sub-class) of notes and taking into account the margins on the issuer swaps as at such date and the expenses of the issuer ranking in priority to payments on such notes) and the aggregate principal amount outstanding of such notes at such date.

where:

X = the weighted average yield on the loans in the portfolio at such date, together with loans (if any) to be assigned to the mortgages trustee on such date (taking into account the margins on the Funding 1 swaps as at such date); and

Y = the minimum yield (which will be specified in the applicable final terms (or, in the case of exempt notes, the applicable pricing supplement) or in a supplement or amendment by way of supplementary prospectus to this base prospectus).

The required subordinated amount for any class of 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 S&P that the change will not result in the reduction, qualification or withdrawal of its then current rating of any outstanding rated notes (and advance notice in writing of such change has been provided to Moody's and Fitch and there being no reduction, qualification or withdrawal by Moody's or Fitch of the then current ratings of the rated notes as a consequence thereof) (provided that such confirmation from S&P shall not be required to the extent such rating agency does not maintain a rating of any notes which are outstanding).

In addition, if confirmation is obtained from S&P that the issuance of a new series and class (or sub-class) of notes will not cause a reduction, qualification or withdrawal of the ratings of any outstanding rated notes rated by that rating agency (and advance notice in writing of such issuance has been provided to Moody's and Fitch and there being no reduction, qualification or withdrawal by Moody's or Fitch of the then current ratings of the rated notes as a consequence thereof) (provided that such confirmation from S&P shall not be required to the extent such rating agency does not maintain a rating of any notes which are outstanding), 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 note 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 notes shall not be materially prejudiced thereby, determine at the request of the issuer that any note event of default in respect of a series and class (or sub-class) of notes (the absence of which constitutes a condition to issuance of notes) shall not be treated as such.

THE MORTGAGE SALE AGREEMENT

The following section contains a summary of the material terms of the mortgage sale agreement.

Nationwide, Funding 1, the mortgages trustee and the Funding 1 security trustee entered into the mortgage sale agreement on the programme closing date. The mortgage sale agreement makes provision for the accession and adherence of further funding companies established by Holdings; although there is no guarantee that any such event may occur and noteholder consent will not be sought provided that, among other things, S&P confirms in writing that the then current ratings of the rated notes then outstanding will not be affected (and advance notice in writing of such accession and adherence of further funding companies established by Holdings has been provided to Moody's and Fitch and there being no reduction, qualification or withdrawal by Moody's or Fitch of the then current ratings of the rated notes as a consequence thereof) (provided that such confirmation from S&P shall not be required to the extent such rating agency does not maintain a rating of any notes which are outstanding).

The mortgage sale agreement sets out and provides for the following:

- the sale and assignment of loans and their related security by the seller to the mortgages trustee;
- the representations and warranties to be given by the seller in relation to the sale of loans and their related security;
- the repurchase by the seller of loans in the portfolio and their related security where the seller has materially breached any of its representations and warranties in respect of such loans or their related security or, in certain circumstances, where such loan is the subject of a product switch or a further advance;
- the making of future drawings and the making of further advances to borrowers, with respect to loans in the trust property; and
- the circumstances for the transfer of legal title to the loans to the mortgages trustee.

In relation to Scottish loans, the mortgage sale agreement provides for the transfer of the beneficial interest in any Scottish loans and their related security to be effected by a Scottish declaration of trust by the seller in favour of the mortgages trustee (and in relation to Scottish loans, references in this base prospectus to the **assignment** of the loans where used in the context of an equitable assignment are to be read as references to the transfer of the beneficial interest therein by the making of such Scottish declarations of trust and the terms "**assigned**" and "**assign**" shall in that context be construed accordingly) (see "**Transfer of legal title to the mortgages trustee**").

The terms of the mortgage sale agreement may be amended, for instance as and when new issuers are established or new loan types are added to the mortgages trust or further funding companies accede and adhere to the mortgage sale agreement. The prior consent of noteholders will not be sought in relation to any of the proposed amendments to the mortgage sale agreement, provided that (among other things) S&P has previously confirmed that the ratings of the rated notes will not be downgraded, withdrawn or qualified as a result of such amendments (and advance notice in writing of any such proposed amendment has been provided to Moody's and Fitch and there being no reduction, qualification or withdrawal by Moody's or Fitch of the then current ratings of the rated notes as a consequence thereof) (provided that such confirmation from S&P shall not be required to the extent such rating agency does not maintain a rating of any notes which are outstanding). There can be no assurance, however, that the effect of any such amendments will not ultimately adversely affect your interests as a noteholder (see "**Risk Factors—The Funding 1 security trustee, the issuer security trustee and/or the note trustee may agree to modifications to and/or waive or authorise any breach of the transaction documents without your prior consent, which may adversely affect your interests**").

Sale of loans and their related security to the mortgages trustee

The seller may, from time to time, sell loans and their related security to the mortgages trustee. The sale of English loans and Northern Irish loans and their related security will take effect in equity only (until transfer of legal title). The seller will transfer the beneficial interest only in Scottish loans and their related security by way of a Scottish declaration of trust or Scottish declarations of trust executed on the relevant sale date (until transfer of legal title). The transfer of legal title to loans and their related security may not occur or, if it does occur, will not occur until a later date (see "**Transfer of legal title to the mortgages trustee**").

Each portfolio of loans and their related security so sold will form part of the trust property to be held on trust by the mortgages trustee for, as applicable, Funding 1 (as to the Funding 1 share), and the seller (as to the seller share) in accordance with the terms of the mortgages trust deed. In future, further funding companies may adhere and accede to the mortgage sale agreement, although there is no certainty that this will happen.

The consideration for the sale of loans and their related security will consist of:

- the initial purchase price, representing a cash payment payable on the relevant sale date by the mortgages trustee to the seller for the sale and assignment to the mortgages trustee of the relevant loans and their related security;

- to the extent that the initial purchase price is less than the aggregate true balance of the loans to be transferred on any sale date, an increase in the seller share of the trust property; and

- the deferred purchase price, representing cash payments payable after the relevant sale date by the mortgages trustee to the seller as further consideration for the sale of the relevant loans and their related security in accordance with the provisions of the mortgage sale agreement and the mortgages trust deed (see further "**Payment of purchase price**").

Payment of purchase price

Payment of the initial purchase price will be made to the seller by the mortgages trustee out of funds received by the mortgages trustee from the initial contribution contributed by a funding company pursuant to the terms of the mortgages trust deed.

Payments of the deferred purchase price will be made by the mortgages trustee out of funds received by way of deferred contributions contributed by a funding company to the mortgages trustee from time to time. Upon receipt of such a deferred contribution, the mortgages trustee will pay an amount equal to such deferred contribution to the seller as deferred purchase price for the sale of the loans to the mortgages trustee. Funding 1 is only required to make deferred contributions out of excess income to which it is entitled in accordance with and subject to the relevant Funding 1 priority of payments, as set out in "**The Mortgages Trust—Cash management of trust property – revenue receipts**".

Conditions for sale of loans

The sale of loans and their related security to the mortgages trustee on the relevant sale date will be subject to certain conditions being satisfied, including the following:

(a) no event of default under the transaction documents (or event of default under the transaction documents of any further funding company) shall have occurred which is continuing as at the relevant sale date;

(b) the principal deficiency ledger does not have a debit balance (excluding a debit balance caused by a debit balance on the NR principal deficiency sub-ledger) as at the most

recent Funding 1 payment date after applying all Funding 1 available revenue receipts on that Funding 1 payment date (and the equivalent condition is met in respect of each further funding company's principal deficiency ledger at the relevant time);

(c) S&P has not provided written confirmation to the mortgages trustee, the Funding 1 security trustee or the issuer that such sale of loans to the mortgages trustee on the relevant sale date will adversely affect the then current ratings of the then outstanding rated notes of the issuer or the new rated notes of any new issuer and advance notice in writing of such sale of loans to the mortgages trustee has been provided to Moody's and Fitch and there being no reduction, qualification or withdrawal by Moody's or Fitch of the then current ratings of the rated notes as a consequence thereof (provided that such confirmation from S&P shall not be required to the extent such rating agency does not maintain a rating of any notes which are outstanding) (provided also that, if the issuer issues a new series of notes on or about such sale date, the ratings agencies must have provided written confirmation that the then current ratings of the then outstanding rated notes will not be reduced, withdrawn or qualified as a result of such sale);

(d) as at the relevant sale date, the aggregate true balance of the loans in the mortgages trust in arrears by more than 3 times the monthly payments then due divided by the aggregate true balance of all the loans in the mortgages trust as at such date (expressed as a percentage) is less than 5%;

(e) except where a funding company makes an initial contribution to the mortgages trustee, the proceeds of which will be applied by the mortgages trustee to purchase loans, the aggregate true balance (excluding accrued interest and amounts in arrears) of loans transferred in any three consecutive Funding 1 interest periods must not exceed 15% of the aggregate true balance of loans (excluding accrued interest and amounts in arrears) in the trust property as at the beginning of that Funding 1 interest period;

(f) the product of the weighted average foreclosure frequency (**WAFF**) and weighted average loss severity (**WALS**) for the loans comprised in the trust property calculated on the relevant sale date in accordance with a methodology as provided by S&P (the **S&P methodology**) at the "AAA level" as calculated in accordance with S&P methodology) does not exceed the product of the WAFF and WALS for the loans constituting the trust property calculated on the most recent previous closing date, plus 0.25% (provided that such test shall not apply to the extent S&P does not maintain a rating of any notes which are outstanding);

(g) the assignment of loans does not result in a breach of any of the Fitch conditions;

(h) the yield of the loans in the trust property together with the yield of the loans to be sold to the mortgages trustee on the relevant sale date is at least the minimum yield (which will be specified in the applicable final terms (or, in the case of exempt notes, the applicable pricing supplement)) at the relevant sale date, after taking into account the weighted average yield on the loans in the portfolio and the margins on the Funding 1 swap(s) (and the relevant swaps of any further funding companies), in each case as at the relevant sale date;

(i) the assignment of loans does not result in the **Moody's portfolio variation test value** of the loans in the portfolio after such assignment, (calculated by applying the **Moody's portfolio variation test** to the loans in the portfolio on such sale date), exceeding the most recently determined Moody's portfolio variation test value as calculated in relation to the mortgage 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%;

(j) no sale of loans may occur, if, as at the relevant sale date, the step-up date in respect of any class of notes has been reached and the issuer who issued that class of notes has not exercised its option to redeem the relevant class of notes on or before that sale date, in accordance with the conditions of that class of notes. For the avoidance of doubt, this prohibition on the sale of loans to the mortgages trustee shall remain in effect only for so long as any such class of notes remains outstanding and, upon its redemption, the sale of loans to the mortgages trustee may be resumed in accordance with the terms of the mortgage sale agreement;

(k) as at the sale date, the general reserve fund is fully funded up to the Funding 1 reserve required amount and the general reserve fund level (if any) in relation to each further funding company (if any) is funded up to the required level (or, if any such general reserve fund is not so fully funded as at the sale date, the general reserve fund is at a level that is not lower than its level as at the previous Funding 1 payment date);

(l) if the sale of loans would include the sale of new loan types to the mortgages trustee, the Funding 1 security trustee and/or issuer has received written confirmation from S&P that the sale of such new loan types would not have an adverse effect on the then current ratings of the rated notes (and advance notice in writing of the sale of such new loan types has been provided to Moody's and Fitch and there being no reduction, qualification or withdrawal by Moody's or Fitch of the then current ratings of the rated notes as a consequence thereof) (provided that such confirmation from S&P shall not be required to the extent such rating agency does not maintain a rating of any notes which are outstanding);

(m) each loan and its related security complies in all material respects at the relevant sale date with the representations and warranties set out in the mortgage sale agreement, which are summarised in "**—Representations and warranties**";

(n) the Funding 1 swap agreement (or the relevant interest rate hedge agreements of each further funding company) has been modified if and as required (or, if appropriate, Funding 1 has entered into a new Funding 1 swap agreement) to hedge against the interest rates payable in respect of such loans and the floating rate of interest payable on the term advances or the relevant debt obligations of each further funding company;

(o) no trigger event has occurred on or before the relevant sale date; and

(p) the sale and assignment of loans to the mortgages trust will not result in a breach of any of the Fitch conditions (as the same may be amended from time to time as calculated on the relevant sale date).

The **Fitch conditions** are collectively that:

(a) the original weighted average LTV (calculated in the manner agreed with Fitch from time to time) of the loans in the trust property, including the loans to be sold to the mortgages trustee on the relevant date, cannot be more than the weighted average original LTV as at the most recent closing date plus the "**original weighted average LTV margin**", as specified in the applicable final terms (or, in the case of exempt notes, the applicable pricing supplement). The true balance (for flexible loans, the maximum drawable amount shall be taken into account) and the property valuation at the relevant origination date, in each case, in respect of such loan, shall be used in the calculation of original weighted average LTV;

(b) the current weighted average LTV (calculated in the manner agreed with Fitch from time to time) of the loans in the trust property, including the loans to be sold to the mortgages trustee on the relevant date, not taking into account any indexation cannot be more than the weighted average current LTV as at the most recent closing date plus the "**current weighted average LTV margin**", as specified in the applicable final terms (or, in the case of exempt notes, the applicable pricing supplement). The true balance (for flexible loans, the maximum drawable amount shall be taken into account) and the most recent property valuation at the relevant calculation date, in each case, in respect of such loan, shall be used in the calculation of current weighted average LTV;

(c) the weighted average income multiple (calculated in the manner agreed with Fitch from time to time) of the loans in the trust property, including the loans to be sold to the mortgages trustee on the relevant date, cannot be more than the "**current weighted average income multiple threshold**", as specified in the applicable final terms (or, in the case of exempt notes, the applicable pricing supplement); and

(d) the proportion of loans with an original LTV (calculated in the manner agreed with Fitch from time to time) higher than 80% in the trust property, including the loans to be sold to the mortgages trustee on the relevant date, cannot be more than the proportion of loans with an original LTV higher than 80% at the most recent closing date plus the "**original LTV margin**", as specified in the applicable final terms (or, in the case of exempt notes, the applicable pricing supplement).

In the mortgage sale agreement, the seller covenants to use all reasonable endeavours to offer to sell to the mortgages trustee in accordance with the terms of the mortgage sale agreement, and the mortgages trustee covenants to use all reasonable endeavours to acquire from the seller and hold in accordance with the terms of the mortgages trust deed, until the occurrence of a trigger event, sufficient loans and their related security so that the aggregate true balance of loans comprised in the mortgages trust is not less than the minimum trust size at any time. However, the seller is not obliged to sell to the mortgages trustee, and the mortgages trustee is not obliged to acquire, loans and their related security if, in the opinion of the seller, such sale would adversely affect the business of the seller. Funding 1 or any further funding company that acquires an interest in the trust property in accordance with the terms of the mortgages trust deed, may at any time with the prior written consent of the other funding companies and subject to written confirmation from S&P that the then current ratings of any rated notes then outstanding will not be downgraded, withheld or qualified as a result of such increase or decrease (and advance notice in writing of such increase or decrease has been provided to Moody's and Fitch and there being no reduction, qualification or withdrawal by Moody's or Fitch of the then current ratings of the rated notes as a consequence thereof) (provided that such confirmation from S&P shall not be required to the extent such rating agency does not maintain a rating of any notes which are outstanding), notify the seller of any increase or decrease in the minimum trust size or any amendment to the period in which the covenant of the seller and the mortgages trustee referred to at the beginning of this paragraph shall apply.

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.

Representations and warranties

The mortgage sale agreement contains representations and warranties given by the seller to the mortgages trustee, each funding company, the Funding 1 security trustee and the funding security trustee of each further funding company in relation to each loan and its related security sold to the mortgages trustee pursuant to the terms of the mortgage sale agreement. None of the mortgages trustee, Funding 1, the note trustee, the issuer security trustee, the Funding 1 security trustee, the dealers, the underwriters, the joint bookrunners or the issuer will make or will cause 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 to be given by the seller, contained in the mortgage sale agreement. The representations and warranties in relation to each loan and its related security are made on the sale date that the relevant loan together with its related security is sold to the mortgages trustee (or, in relation to a further advance or permitted product switch on the date that further advance or permitted product switch is made). The parties to the mortgage sale agreement may, with the prior written consent of the Funding 1 security trustee (which consent will be given if S&P confirms in writing that the then current ratings of the rated notes will not be downgraded, withdrawn or qualified as a result of such waiver or amendment (and advance notice in writing of such waiver or amendment has been provided to Moody's and Fitch and there being no reduction, qualification or withdrawal by Moody's or Fitch of the then current ratings of the rated notes as a consequence thereof) (provided that such confirmation from S&P shall not be required to the extent such rating agency does not maintain a rating of any notes which are outstanding)), waive or amend the representations and warranties in the mortgage sale agreement. The representations and warranties include:

Loans

- The particulars of the loans set out in the mortgage sale agreement (or, as the case may be, the relevant new portfolio notice) are true, complete and accurate in all material respects.

- Each loan was originated by the seller (or Anglia or Portman (as applicable)) in the ordinary course of business pursuant to underwriting standards that were no less stringent than those that the seller (or Anglia or Portman (as applicable)) applied at the time of origination to similar loans that are not securitised and was denominated in pounds Sterling upon origination (or was denominated in euro upon origination if the euro has been adopted as the lawful currency of the United Kingdom).

- Loans without independent valuation will make up no more than 15%, in aggregate value, of the initial portfolio.

- No loan has a true balance of more than £1,000,000.

- Each borrower has established a direct debit mandate with the seller or is a borrowing member of Nationwide.

- Each loan has a remaining term of less than 40 years as at the relevant sale date.

- Prior to the making of each initial advance and additional loan advance, the lending criteria which were applicable at the time of the origination of the loan and all preconditions to the making of the loan were satisfied in all material respects subject only to such exceptions and waivers as made on a case by case basis as would be acceptable to a reasonable, prudent mortgage lender.

- The lending criteria are consistent with the criteria that would be used by a reasonable, prudent mortgage lender.

    (a) Each loan was made and its related security taken or received 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.

    (b) The brochures, application forms, offers, offer conditions and marketing material distributed by the seller (or Anglia or Portman (as applicable)) to the borrower when offering a loan to a borrower:

(i) do not conflict in any material respect with the terms applicable to the relevant loan and its related security at the time that the loan was entered into;

(ii) 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:

(A) the assignment or assignation of the loans and their related security to the mortgages trustee or the granting of each Scottish declaration of trust; and

(B) 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.

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

- No loan is guaranteed by a third party save where the guarantee constitutes legal, valid and binding obligations of the guarantor enforceable in accordance with their terms except that enforceability may be limited by bankruptcy, insolvency or other similar laws of general applicability affecting the enforcement of creditors' rights generally and the courts discretion in relation to equitable remedies.

- The true balance on each loan and its related security constitute a legal, valid, binding and enforceable debt due to the seller from the relevant borrower and the terms of each loan and its related security constitute valid and binding obligations of the borrower enforceable in accordance with their terms except that enforceability may be limited by bankruptcy, insolvency or other similar laws of general applicability affecting the enforcement of creditors' rights generally and the court's discretion in relation to equitable remedies.

- The rate of interest under each loan is charged in accordance with the standard documentation, subject to the terms of any offer letter in relation thereto.

- No agreement for any Loan other than relating to a CCA Mortgage is in whole or in part a regulated agreement or consumer credit agreement (as defined in Section 8 of the Consumer Credit Act 1974 (as amended, extended or re-enacted from time to time) (the CCA)). The procedures and requirements set out in the Consumer Credit Act 1974 have been complied with in all material respects in respect of each agreement relating to a CCA Mortgage.

- All of the borrowers are individuals and were aged 18 years or older at the date he or she executed the relevant mortgage.

- To the best of the seller's knowledge none of the material terms of the loans or their related security are not binding by virtue of their being unfair pursuant to the Unfair Terms in Consumer Contracts Regulations 1994 or the Unfair Terms in Consumer Contracts Regulations 1999 or the Consumer Rights Act 2015 (as the case may be).

- To the best of the seller's knowledge it has not committed any material breach of the Consumer Protection from Unfair Trading Regulations 2008 that would result in any irrecoverable losses under the loans.

- All approvals, consents and other steps necessary to permit a legal or equitable or beneficial transfer, or a transfer of servicing or other disposal as and in the manner contemplated by the

transaction documents from the seller to the mortgages trustee, of the loans and their related mortgages to be sold under the mortgage sale agreement have been obtained or taken and there is no requirement in order for the transfer to be effective to obtain the consent of the borrower before, on or after any equitable or beneficial transfer or before any legal transfer of the loans and their related mortgages and such transfer or disposal shall not give rise to any claim by the borrower against the mortgages trustee, the Funding 1 security trustee, the issuer security trustee or any of their successors in title or assigns.

- 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.

- None of the provisions of the loans have been waived, altered or modified in any way by the seller.

- The total amount of interest or principal in arrears, together with any fees, commissions and premiums payable at the same time as that interest payment or principal repayment, on any loan is not as at the relevant sale date in respect of that loan, nor has been during the 12 months immediately preceding the relevant sale date, more than the amount of the monthly payment then due.

- The final maturity date of the loan is no later than the later of (i) 2 January 2053 and (ii) the earliest final maturity date of any outstanding notes (other than any notes designated in the applicable final terms (or, in the case of exempt notes, the applicable pricing supplement) as money market notes for the purposes of Rule 2a-7 under the Investment Company Act and any notes with a final maturity date of 21 January 2055) minus 2 years.

- No loan is an offset loan.

- So far as the seller is aware, other than with respect to monthly payments, no borrower is or has, since the date of execution of the relevant mortgage, been in material breach of any obligations owed in respect of the relevant loan or its related security and accordingly no steps have been taken by the seller to enforce any related security.

- Each loan and its related security is valid, binding and enforceable in accordance with its terms, and non-cancellable.

- None of the loans sold by the seller to the mortgages trustee are buy-to-let loans, staff loans or equity release loans.

- None of the loans were originated prior to 1 January 1986.

- To the best of the seller's knowledge, on each trust calculation date, no order has been made under section 140B of the CCA in respect of any loan.

- No loan has been entered into as a consequence of any conduct constituting fraud of the seller and, to the best of the seller's knowledge, no loan has been entered into fraudulently by the relevant borrower.

- 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.

- No agreement for any loan is in whole or in part a "regulated credit agreement" (as defined under Article 60B of the Financial Services and Markets Act 2000 (Regulated Activities Order 2001).

- The procedures and requirements set out in the Consumer Credit Act 1974 have been complied with in all material respects in respect of each agreement relating to a "consumer credit back book mortgage contract" (as defined under the Mortgage Credit Directive Order 2015).

- No agreement for any loan is in whole or in part a “Consumer Buy-to-Let Mortgage Contract” as defined in the Mortgage Credit Directive Order 2015.

- To the best of the seller’s knowledge, no loan or mortgage has given rise to an unfair relationship for the purposes of section 140A of the CCA which is likely to have a material adverse effect on the amounts recoverable under that loan or mortgage.

- No loan has an indexed LTV higher than 100% as at the relevant sale date.

- 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 sale date, as such terms are described in Article 243 of the UK Capital Requirements Regulation.

Mortgages

- Subject to, in relation to a right to buy loan, any charge or security which may arise or be granted in favour of the relevant local authority (or in Northern Ireland, the Northern Ireland Housing Executive) which has not been postponed, the whole of the true balance on each loan is secured by a mortgage over a residential property.

- Each mortgage is substantially in the form of the pro forma contained in the standard documentation which was applicable at the time the mortgage was executed.

- Subject to, in relation to a right to buy loan, any charge or security which may arise or be granted in favour of the relevant local authority (or in Northern Ireland, the Northern Ireland Housing Executive) which has not been postponed, subject only in certain appropriate cases to the completion of an application for registration at the Land Registry, the Registers of Scotland or the Registers of Northern Ireland, each mortgage constitutes a valid and subsisting first charge by way of legal mortgage or (in Scotland) first ranking standard security over the relevant property or (in Northern Ireland) a valid and subsisting first legal charge (in relation to registered land) or a valid and subsisting first mortgage by way of demise or sub-demise (in relation to unregistered land) except in relation to Flexible Advances entered into before 31 October 2004 linked to loans entered into before 1 September 2002 in which case the mortgage or legal charge or Standard Security as the case may be, is second ranking behind the mortgage or Standard Security securing the balance of the relevant loan.

The properties

- All of the properties are located in England, Wales, Scotland or Northern Ireland.

- Each property constitutes a separate dwelling unit and is either freehold, leasehold or (in Scotland) heritable or held under a long lease.

- Save where a rating agency confirmation has been given which covers the borrower not occupying his property, the relevant property is owner-occupied.

- Save for children of borrowers and children of someone living with the borrower, every person who, at the date upon which a mortgage over property situated in England and Wales or Northern Ireland was granted, had attained the age of 18 and who had been notified to the seller as being in or about to be in actual occupation of the relevant property, is either named as a borrower or has signed a Deed of Consent in the form of the pro forma contained in the standard documentation which was applicable at the time the mortgage was executed and in relation to each mortgage over property situated in Scotland, all necessary documentation has been obtained so as to ensure that neither the relevant property nor the relevant mortgage is subject to or affected by any statutory right of occupancy in favour of such person under the Matrimonial Homes (Family Protection) (Scotland) Act 1981 or (as applicable) the Civil Partnership Act 2004.

- No property has been let by the borrower otherwise than by way of:

  (a) an assured shorthold tenancy which meets the requirements of Section 19A or Section 20 of the Housing Act 1988 (in England) or (in Northern Ireland) a tenancy agreement either not controlled by the Rent (Northern Ireland) Order 1978 or not a controlled tenancy under the provisions of the Private Tenancies (Northern Ireland) Order 2006;

  (b) an assured tenancy; or

  (c) a short assured tenancy which meets the requirements of Section 32 of the Housing (Scotland) Act 1988 or a private residential tenancy which meets the requirements of the Private Housing (Tenancies) (Scotland) Act 2016,

  in each case which meets the seller's policy in connection with lettings to non-owners.

- In relation to each loan where the initial advance was made for the purpose of construction of a dwelling, all advances have been made under such loan and the dwelling has been signed off as complete by a valuer.

Valuers' and Solicitors' Reports

- Unless the loan is a loan without independent valuation, not more than 12 months (or a longer period as may be acceptable to a reasonable, prudent mortgage lender) prior to the granting of each mortgage, the seller (or Anglia or Portman (as applicable)) received a valuation report on the relevant property (or another 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.

- Prior to the taking of each mortgage (other than a remortgage), the seller (or Anglia or Portman (as applicable)):

  (a) instructed its solicitor, licensed conveyancer or (in Scotland) qualified conveyancer to carry out an investigation of title to the relevant property and to undertake other searches, investigations, enquiries and other actions on behalf of the seller (or Anglia or Portman (as applicable)) in accordance with the instructions which the seller (or Anglia or Portman (as applicable)) issued to the relevant solicitor, licensed conveyancer or (in Scotland) qualified conveyancer as are set out, in the case of English loans, in the UK Finance Mortgage Lenders' Handbook (previously the CML's Lenders' Handbook for England and Wales) (or, for mortgages taken before the CML's

Lenders' Handbook for England and Wales was adopted in 1999, the seller's (or Anglia's or Portman's (as applicable)) standard form instructions to solicitors) and, in the case of Scottish loans, the UK Finance Mortgage Lenders' Handbook for Scotland (previously the CML's Lenders' Handbook for Scotland) (or, for mortgages taken before the CML's Lenders' Handbook for Scotland was adopted in 2000, the seller's (or Anglia's or Portman's (as applicable)) standard form instructions to solicitors) and, in the case of Northern Irish loans, the CML's Lender's Handbook for Northern Ireland (or, for mortgages taken before the CML's Lender's Handbook was adopted in 2003, the seller's (or Anglia's or Portman's (as applicable)) standard form instructions to solicitors) or other comparable or successor instructions and/or guidelines as may for the time being be in place, subject only to those variations as would be acceptable to a reasonable, prudent mortgage lender; and

(b) received a certificate of title from the solicitor or licensed conveyancer or (in Scotland) qualified conveyancer referred to in paragraph (a) above relating to such property the contents of which were such as would have been acceptable to a reasonable, prudent mortgage lender at that time.

- The benefit of all valuation reports any other valuation report referred to above and certificates of title which were provided to the seller not more than two years prior to the date of the mortgage sale agreement or the relevant transfer date (as applicable) can be validly assigned to the mortgages trustee without obtaining the consent of the relevant valuer, solicitor, licensed conveyancer or (in Scotland) qualified conveyancer.

Buildings Insurance

Each property is insured under:

(a) a buildings insurance policy arranged by the borrower; or

(b) in the case of a leasehold property a buildings insurance policy arranged by the relevant landlord; or

(c) the properties in Possession Cover.

The Seller's Title

- Immediately prior to the purchase of any loan and the related security by the mortgages trustee, and subject to registration or recording at the Land Registry or the Registers of Scotland or (as the case may be) the Registers of Northern Ireland, the seller has good title to, and is the absolute unencumbered legal and beneficial owner of, all property, interests, rights and benefits in relation to the loans and their related security agreed to be sold and/or assigned by the seller to the mortgages trustee pursuant to the mortgage sale agreement free and clear of all security interests, claims and equities (including, without limitation, rights of set-off or counterclaim and (i) overriding interests within the meaning of either Section 3(xvi) of the Land Registration Act 1925 in the case of any property, interests or rights governed by English law or Section 38 and Part 1 of Schedule 5 of the Land Registration Act (Northern Ireland) 1970 in the case of any property, interests or rights governed by Northern Irish law or (ii) off-register rights requiring tro be disclosed to the Keeper in respect of property, interest or rights governed by Scots law) subject in each case only to the mortgage sale agreement and the borrower's equity of redemption and the seller is not in breach of any covenant or warrandice implied by reason of its selling the relevant portfolio with full title guarantee (or, in the case of Scottish loans and their related security comprised in the relevant portfolio, with absolute warrandice or, in the case of Northern Irish loans and their related security comprised in the relevant Portfolio, as beneficial owner) (or which would be implied if the relevant transfers, conveyances,

assignments or assignations of legal title (as appropriate) were completed and registered or recorded, as appropriate).

- All steps necessary to perfect the seller's title to the loans and their 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.

- 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 relevant servicer.

- Neither the entry by the seller into the mortgage sale agreement nor any transfer, assignment, assignation or creation of trust contemplated by the mortgage sale agreement affects or will adversely affect any of the loans and their related security (including, without limitation, the insurance policies) and the seller may freely assign and enter into trust arrangements in respect of all its rights, title, interests and benefits therein as contemplated in the mortgage sale agreement without breaching any term or condition applying to any of them.

- The seller has not knowingly waived or acquiesced in any breach of any of its rights in respect of a loan or its related security, other than waivers and acquiescence such as a reasonable, prudent mortgage lender might make on a case by case basis.

Interest Rates payable under the loans

Each loan in the relevant portfolio is either:

(a) a variable rate loan or fixed rate loan; or

(b) a new loan type which each of the rating agencies has confirmed in writing would not if included in the relevant new portfolio adversely affect the then current ratings of the notes.

If new loan types are to be sold to the mortgages trustee, then the representations and warranties in the mortgage sale agreement will be modified as required to accommodate these new loan types. Your prior consent to the requisite amendments will not be sought, provided that the conditions for the sale of new loan types to the mortgages trustee have been satisfied.

For the purpose of determining whether there has been a breach of any of the representations and warranties with respect to a particular loan and/or its related security, the representations and warranties shall be in the form set out in the mortgage sale agreement as at the date on which such representations and warranties were given with respect to such loan and/or its related security, notwithstanding any subsequent amendment, restatement, novation and/or supplement to the mortgage sale agreement.

Repurchase of loans

Save with respect to product switches and further advances (as to which, see "**Product switches and further advances**"), under the mortgage sale agreement, if a loan does not materially comply on the sale date with the representations and warranties made under the mortgage sale agreement:

(1) the seller will be required to remedy the breach within 20 London business days of the mortgages trustee giving written notice of the breach to the seller; or

(2) if the breach is not remedied within the 20 London business day period then, at the direction of Funding 1 and each further funding company (with the prior written consent of the Funding 1 security trustee), the mortgages trustee serve a notice on the seller which will require the seller to purchase on the distribution date immediately following receipt of the notice (or such other date as the mortgages trustee may direct) the loan and its related security from the mortgages trustee at a price equal to its true balance.

The seller will also be required to repurchase the loan and its related security if a court or other competent authority or any ombudsman makes any determination in respect of that loan and its related security that:

(a) any term which relates to the recovery of interest under the standard documentation applicable to that loan and its related security is unfair; or

(b) the interest payable under that loan is to be set by reference to the seller's variable base rate; or

(c) the variable margin above the Bank of England base rate under any tracker rate loan must be set by the seller; or

(d) the interest payable under that 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.

If the seller fails to pay the consideration due for the repurchase (or otherwise fails to complete the repurchase), then (under the terms of the mortgages trust deed) the seller share of the trust property shall be deemed to be reduced by an amount equal to that consideration as of the end of the current trust calculation period.

Non-compliant LCR/SII loans

The seller may repurchase loans and their related security which are not compliant with Article 13 of the UK LCR Regulation or Article 177 of the Solvency II Regulation (or, in each case, if different, the equivalent provisions in any such enacted version of such Commission Delegated Regulation).

Non-compliant Securitisation Regulation/STS loans

The seller may repurchase loans and their related security which are not compliant with the UK Securitisation Regulation or Article 19, 20, 21 or 22 of the UK Securitisation Regulation or Article 243 of the UK Capital Requirements Regulation (or if different, the equivalent provisions in any such enacted versions of such regulations).

Arrears loans

The seller may from time to time request in writing to the mortgages trustee (with a copy to Funding 1, the servicer and the Funding 1 security trustee) to repurchase one or more arrears loans comprised in the trust property and their related security, identifying the arrears loans to be repurchased pursuant to the terms of the mortgage sale agreement. On completion of such repurchase, the seller shall pay to the mortgages trustee an amount equal to the aggregate true balance of such arrears loans. The number of arrears loans repurchased and the aggregate true balance of such arrears loans at the time of completion pursuant to the terms of the mortgage sale agreement shall be notified to the servicer for inclusion in the monthly investor report.

The expression **arrears loan** means a loan in respect of which two or more monthly payments have become due and remain unpaid by the relevant borrower.

Zero rate loans

The seller may make a one-off offer to the mortgages trustee to repurchase loans and their related security (and any other loan secured or intended to be secured by that related security or any part of it) in respect of which, by way of a permanent waiver accorded to each borrower, the interest rate is zero (each a **zero rate loan**), provided that the date of completion of such repurchase takes place on or prior to 30 April 2019.

No active portfolio management

The seller's rights and obligations to sell loans and their related security to the mortgages trustee and/or repurchase loans and their related security from the mortgages trustee pursuant to the mortgage sale agreement, including repurchases of non-compliant LCR/SII loans, non-compliant UK Securitisation Regulation/STS loans, arrears loans, and/or zero rate loans, do not constitute active portfolio management for purposes of Article 20(7) of the UK Securitisation Regulation.

General ability to repurchase

Following redemption in full of all Class A Notes issued and outstanding prior to 14 November 2023, the seller shall have the right to repurchase the seller share repurchase loans in the manner provided below.

If, on any trust calculation date, the seller has determined, in accordance with the provisions of the mortgages trust deed, the amount of the seller share, taking into account the current outstanding principal balance of the loans constituting the trust property, is sufficient to maintain the minimum seller share, then the seller may during the immediately following trust calculation period select at random loans with an aggregate outstanding principal balance determined at the seller's discretion (not exceeding the amounts required to ensure that the seller continues to comply with the requirement to maintain the minimum seller share) (the "**seller share repurchase loans**") and offer the mortgage trustee to sell the seller share repurchase loans comprised in the trust property and its related security to the seller. The mortgages trustee shall accept such offer by immediately delivering a loan repurchase notice (in the form set out in the mortgage sale agreement). Such repurchase shall be conditional on (A) the seller delivering a certificate certifying the minimum seller share and the then current outstanding principal balance of the loans (each as of the relevant trust calculation date), and (B) Moody's having confirmed that there would not be a reduction, qualification or withdrawal by it of the then current ratings of the rated notes as a consequence of such repurchase (provided always that the requirement for a confirmation from Moody's shall no longer be applicable if the removal of this requirement would not, in the Seller's reasonably held opinion, cause a reduction, qualification or withdrawal by Moody's of the then current ratings of the Rated Notes as a consequence of any such repurchase). The repurchase shall be completed in accordance with the mortgage sale agreement. For avoidance of doubt, amounts paid by the seller in the mortgage trustee GIC account pursuant to a loan repurchase notice shall be treated as mortgages trust available principal receipts, to the extent representing the principal portion of the relevant repurchased loans, and the remaining amount shall be treated as the mortgages trust available revenue receipts.

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.

Repurchase price

The repurchase price will be equal to an amount equal to the true balance of such seller share repurchase loans or seller share repurchase loans and any related security relating thereto.

Product switches and further advances

A **product switch** is a variation in the financial terms and conditions of a loan in which a borrower exchanges its then current loan product for a different loan product offered by the seller (including loans subject to a fixed rate re-fix) other than any variation:

- agreed with a borrower to control or manage arrears on the loan;
- in the maturity date of the loan unless, while the intercompany loan is outstanding, it is extended beyond the then latest allowable final maturity date of any loan in the portfolio;
- imposed by statute;
- in the rate of interest payable in respect of the loan where that rate is actively marketed to the borrowers of more than 10 per cent. by true balance of loans in the trust property in any Funding 1 interest period; or
- in the frequency with which the interest payable in respect of the loan is charged.

A **permitted product switch** is a product switch where:

- the relevant borrower has made at least one monthly payment, in full, on its then current loan;
- the new loan for which the prior loan is to be exchanged is subject to either a fixed rate, the seller's variable rate or a base rate linked rate of interest;
- on the trust calculation date immediately following the making of the product switch, each of the conditions as set forth under "**Conditions for product switches and further advances**" below are satisfied; and
- the **interest-only mortgages level test** is satisfied if, as calculated on the most recent trust calculation date:

$$\frac{A}{B} x100 \leq C$$

Where:

A = the aggregate true balance of all interest-only loans (which, for the avoidance of doubt includes interest-only components of part-and-part loans) in the portfolio as calculated on the relevant trust calculation date;

B = the aggregate true balance of all loans comprising the trust property as calculated on the relevant trust calculation date; and

C = the percentage number specified in relation to interest-only loans in the most recent final terms.

A loan will be subject to a **further advance** if, following a request from the borrower and the servicer (on behalf of the seller) agreeing to it, a further amount is lent to the borrower under the mortgage.

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:

- in the case of a product switch, the product switch is a permitted product switch; and/or

- as of the trust calculation date immediately following the trust calculation period in which the product switch or the making of the further advance takes place, each of the relevant conditions set forth below under "**Conditions for product switches and further advances**" will be satisfied.

If, following such product switch or further advance, the conditions as set out above are not satisfied, the seller will be required to repurchase such loan and its related security (in accordance with the procedures set out under "**Repurchase of loans**") from the mortgages trustee on the distribution date following the trust calculation period in which such product switch or further advance takes place at a price equal to its true balance at the end of the trust calculation period in which the product switch or further advance takes place (as calculated on the trust calculation date immediately following the end of such trust calculation period).

Further advances, along with re-draws and further draws, are collectively referred to as **additional loan advances**. The conditions which must be satisfied to enable a loan which is subject to any additional loan advance to remain in the portfolio are the same as the conditions that apply in relation to further advances, as set out below under "**Conditions for product switches and further advances**".

In addition, the seller is entitled to (but is not obliged to) repurchase loans that are the subject of further advances or permitted product switches and their related security from the mortgages trustee at a price equal to their true balance (at the end of the trust calculation period in which the product switch or further advance takes place as calculated on the trust calculation date immediately following the end of such trust calculation period) on the distribution date immediately following the trust calculation period in which the product switch or further advance takes place. If not previously exercised, such entitlement to repurchase will expire at close of business on the distribution date immediately following the trust calculation period in which the further advance or product switch takes place.

It should be noted that, whilst the obligation on the seller to repurchase (a) loans which do not materially comply with the representations and warranties, or (b) loans that are subject to product switches or further advances which do not comply as required above, is an obligation which arises daily, reconciliation of the transfer of the related security will not occur until the next following distribution date. The mortgages trustee covenants in the mortgage sale agreement that it shall not deal with the related security corresponding to such loans other than on the instructions of the seller (acting through the servicer) during the period between such loan being repurchased by the seller and the legal requirements for the retransfer of the beneficial interest in its related security or, in relation to related security for Scottish loans, the release of the relevant Scottish loan and its related security from the relevant Scottish declaration of trust being completed on the next following trust calculation date.

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 1, nor any further funding company if established, may themselves advance funds to the seller and/or the borrower for the purposes of funding a further advance in any circumstances. Furthermore, no variations may be made to the loans and no drawings under flexible loans or other further advances or product switches may be made in respect of the loans, where this would result in the mortgages trustee arranging, advising on, administering or entering into a regulated mortgage contract or agreeing to carry on any of these activities, if the mortgages trustee would be required to be authorised under the FSMA to do so.

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 to remain in the mortgages trust, the following conditions (which may be varied or waived by the mortgages trustee (subject to the prior confirmation by S&P that the then current ratings of any rated notes (and any new

notes, where applicable) will not be downgraded, withdrawn or qualified as a result of such variation or waiver (and advance notice in writing of such variation or waiver has been provided to Moody's and Fitch and there being no reduction, qualification or withdrawal by Moody's or Fitch of the then current ratings of the rated notes as a consequence thereof) (provided that such confirmation from S&P shall not be required to the extent such rating agency does not maintain a rating of any notes which are outstanding)) must be complied with as of the trust calculation date immediately following the trust calculation period in which the product switch or the making of the further advance takes place:

(a) no event of default under the transaction documents (or event of default under the transaction documents of any further Funding company, where applicable) shall have occurred which is continuing or unwaived as at the relevant trust calculation date;

(b) as at the relevant trust calculation date, the true balance of loans comprising the trust property, in respect of which the aggregate amount in arrears is more than 3 times the monthly payment then due, is less than 5 per cent. of the aggregate true balance of the loans comprising the trust property at that date or such other percentage as S&P confirms is sufficient in order that the then current ratings of the rated notes (and any new notes, where applicable) then outstanding are not downgraded, withdrawn or qualified (and provided that advance notice in writing of such calculation has been provided to Moody's and Fitch and there being no reduction, qualification or withdrawal by Moody's or Fitch of the then current ratings of the rated notes as a consequence thereof) (provided that such confirmation from S&P shall not be required to the extent such rating agency does not maintain a rating of any notes which are outstanding);

(c) as at the relevant trust calculation date, the adjusted general reserve fund level is equal to or greater than the Funding 1 reserve required amount (and the equivalent condition is met in relation to each further Funding company, where applicable);

(d) the mortgages trustee is not aware that the then current ratings of the rated notes (and any new notes, where applicable) then outstanding would be downgraded, withdrawn or qualified as a result of the relevant product switch and/or further advance remaining in the mortgages trust;

(e) 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 representations and warranties set out in the mortgage sale agreement, which are described earlier in this section in "**Representations and warranties**";

(f) as a result of the relevant product switch and/or further advance remaining in the mortgages trust, on the relevant trust calculation date, the product of the WAFF and WALS for the loans comprising the trust property after such product switch and/or further advance calculated on such trust calculation date will not exceed the product of the WAFF and WALS (when tested by S&P at the "AAA level" as calculated in accordance with S&P methodology) for the loans comprising the trust property calculated on the initial closing date, plus 0.25 per cent. (provided that such test shall not apply to the extent S&P does not maintain a rating of any notes which are outstanding);

(g) the yield of the loans in the trust property on the relevant trust calculation date is at least the minimum yield (which is specified in the applicable final terms (or, in the case of exempt notes, the applicable pricing supplement)) calculated in respect of the immediately preceding Funding 1 payment date (in respect of the then current Funding 1 interest period), after taking into account the average yield on the loans which are variable rate loans, base rate linked loans and fixed rate loans and the margins on the

Funding 1 swap(s) (and any relevant swap agreements of each further Funding company, where applicable), in each case as at the relevant trust calculation date;

(h) if the making of a product switch and/or further advance would result in a new loan type being included in the mortgages trust, then the Funding 1 security trustee (and any further funding security trustee, where applicable) has previously received written confirmation from S&P that the then current ratings of the rated notes (and any new notes, where applicable) then outstanding will not be downgraded, withdrawn or qualified as a result of the loans which were subject to a product switch and/or further advance remaining in the trust property (and advance notice in writing of any such loans subject to a product switch and/or further advance remaining in the trust property has been provided to Moody's and Fitch and there being no reduction, qualification or withdrawal by Moody's or Fitch of the then current ratings of the rated notes as a consequence thereof) (provided that such confirmation from S&P shall not be required to the extent such rating agency does not maintain a rating of any notes which are outstanding);

(i) the Funding 1 swap agreement (and any swap agreement of each further Funding company, where applicable) has been modified if and as required (and, if appropriate, Funding 1 has entered into a new Funding 1 swap agreement or each further Funding company have entered into any new swap agreements) to hedge against the interest rates payable in respect of such product switches and/or further advances and the floating rate of interest payable on the intercompany loan;

(j) no trigger event has occurred on or before the relevant trust calculation date;

(k) the principal deficiency ledger does not have a debit balance (excluding a debit balance on the NR principal deficiency sub-ledger) as at the most recent Funding 1 payment date after applying all Funding 1 available revenue receipts on that Funding 1 payment date (and the equivalent condition is met in respect of each further funding company's principal deficiency ledger at the relevant time);

(l) as at the relevant trust calculation date, the seller has not received any notice that its short-term, unsecured, unguaranteed and unsubordinated debt obligations are not rated at least A-2 by S&P, P-2 by Moody's and F2 by Fitch (provided that for S&P, such rating requirement shall not apply to the extent such rating agency does not maintain a rating of notes which are outstanding); and

(m) as a result of the relevant product switch and/or further advance remaining in the mortgages trust, on the relevant trust calculation date, the loans comprising the trust property after such product switch and/or further advance calculated on such trust calculation date will not result in a breach of any Fitch conditions.

Transfer of legal title to the mortgages trustee

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

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

will only take place, if at all, in the limited circumstances described below. See "**Risk Factors—There may be risks associated with the fact that the mortgages trustee has no legal title to the loans and their related security, which may adversely affect payments on your notes**".

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

(a) the seller has served notice on the mortgages trustee requesting the mortgages trustee to complete legal assignment, such notice being permitted to be served by the seller upon the seller becoming aware that transfer of the legal title to loans of the seller which are securing or acting as collateral in respect of the seller's programme has been perfected or is in the process of being perfected;

(b) the seller being required to perfect the legal title to the loans and their related security to the mortgages trustee: (i) by law; (ii) by an order of a court of competent jurisdiction; (iii) by a regulatory authority which has jurisdiction over the seller; or (iv) by any organisation 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;

(c) the seller requesting a transfer by way of assignment or assignation (as appropriate) by giving notice in writing to the mortgages trustee and the security trustee;

(d) a written direction is received by the seller from the FCA requiring the transfer of all of the engagements or the business of the seller to another entity in circumstances where the rights of borrowing members of the seller will cease (provided that, where approval of the transfer from the members of the seller is required by either the FCA or applicable law, such approval is obtained);

(e) subject to the seller having transferred the whole of its business to a successor in business in accordance with section 97 of the Building Societies Act, the successor in business ceasing to be assigned a long-term unsecured, unsubordinated unguaranteed debt obligation rating by Moody's of at least Baa3 or by S&P of at least BBB- or by Fitch of at least BBB- (provided that for S&P, such rating requirement shall not apply to the extent such rating agency does not maintain a rating of any notes which are outstanding);

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

(g) the termination of the seller's role as servicer under the servicing agreement; but only if (i) the Funding 1 security trustee shall have certified in writing that such event is, in its opinion, materially prejudicial to the interests of the Funding 1 secured creditors under the Funding 1 deed of charge and (ii) S&P shall have provided confirmation that the then current ratings of the then rated notes will be withdrawn, downgraded or qualified as a result of such termination (and advance notice in writing of such termination having been provided to Moody's and Fitch and notice being received at that time of a reduction, qualification or withdrawal by Moody's or Fitch of the then current ratings of the rated notes as a consequence thereof) (provided that such confirmation from S&P shall not be required to the extent such rating agency does not maintain a rating of any notes which are outstanding);

(h) Nationwide has failed, on three monthly Funding 1 payment dates (which do not need to be consecutive), to make a payment required under the Funding 1 swap agreement related to the SMR loans or the Funding 1 swap agreement related to the BMR loans and such failure is not cured within the relevant grace period set forth in the related Funding 1 swap agreement and the relevant rate with respect to such missed payment and Funding 1 payment date is either (1) with respect to the Funding 1 swap agreement related to the SMR loans, in respect of a proportion of the notional amount of the swap equivalent to the proportion of term advances under intercompany loans under which Funding 1 pays a compounded daily SONIA rate, set below a compounded daily SONIA rate plus 2.15%, or (2) with respect to the Funding 1 swap agreement related to the BMR loans, in respect of a proportion of the notional amount of the swap equivalent to the proportion of term advances under intercompany loans under which Funding 1 pays a compounded daily SONIA rate, set below the lower of (x) a compounded daily SONIA rate plus 2.15% and (y) the Bank of England base rate plus 2%;

(i) an administrative or other receiver, administrator or other similar official is appointed in relation to 20% or more of the undertaking or assets of the seller or the appointment of an administrator takes effect, or a distress, execution or diligence or other process is enforced upon 20% or more of the undertaking or assets of the seller and in any of the foregoing cases it is not discharged within 15 London business days, in each case excluding any undertaking or assets of the seller which may be sold from time to time by the seller to Nationwide Covered Bonds LLP pursuant to the seller's €45,000,000,000 global covered bond programme, and provided that: (A) this provision shall not apply if none of the then outstanding notes are UK STS; and (B) this provision shall be subject to such amendment as the seller may require so long as the seller delivers a certificate to the mortgages trustee, any funding company and/or any funding security trustee, as applicable, that the amendment of such provision does not impact the designation as a 'simple, transparent and standardised' securitisation (within the meaning of the UK Securitisation Regulation) in respect of any series or class of notes then outstanding which are intended to satisfy the UK STS requirements; or

(j) the seller is in breach of its obligations under the mortgage sale agreement, but only if such breach, where capable of remedy, is not remedied to the reasonable satisfaction of Funding 1 and each further funding company (acting in accordance with the controlling beneficiary deed) and the satisfaction of the Funding 1 security trustee within 90 calendar days, provided that: (A) this provision shall not apply if none of the then outstanding notes are UK STS; and (B) this provision shall be subject to such amendment as the seller may require so long as the seller delivers a certificate to the mortgages trustee, any funding company and/or any funding security trustee, as applicable, that the amendment of such provision does not impact the designation as a 'simple, transparent and standardised' securitisation (within the meaning of the UK Securitisation Regulation) in respect of any series or class of notes then outstanding which are intended to satisfy the UK STS requirements.

Pending completion of the transfer, the right of the mortgages trustee to exercise the powers of the legal owner of the mortgages is secured or, in relation to Scottish loans, supported by an irrevocable power of attorney granted by the seller in favour of the mortgages trustee, Funding 1 and the Funding 1 security trustee.

The title deeds (to the extent retained by the seller) and customer files relating to the loans are currently held by or to the order of the seller or by solicitors or licensed conveyancers or (in Scotland) qualified conveyancers acting for the seller in connection with the creation of the loans and their related security. The seller has undertaken that all the title deeds (to the extent retained by the seller) and customer files

relating to the loans in the portfolio which are at any time in its possession or under its control or held to its order will be held to the order of the mortgages trustee.

The seller does not retain title deeds (except in certain circumstances relating to mortgages over unregistered land and land in Scotland and Northern Ireland) following the introduction of dematerialisation introduced by the Land Registration Act 2003 and the seller has returned any such documents that it may currently have in its possession to borrowers.

Reasonable, prudent mortgage lender

Reference in the documents to the seller and/or the servicer acting to the standard of a "**reasonable, prudent mortgage lender**" means the seller and/or the servicer, as applicable, acting in accordance with the standards of a reasonably prudent prime residential mortgage lender lending to borrowers in England, Wales, Northern Ireland and/or Scotland who generally satisfy the lending criteria of traditional sources of residential mortgage capital.

Governing law

The mortgage sale agreement and any non-contractual obligations arising out of or in connection with it are principally governed by English law, but contains certain Scots law and Northern Irish law provisions, which in the case of Scots law provisions, are construed in accordance with Scots law and in the case of Northern Irish law provisions, are construed in accordance with Northern Irish law. The Scottish declarations of trust are and will be governed by Scots law.

THE INTERCOMPANY LOAN AGREEMENT

The following section contains a summary of the material terms of the intercompany loan agreement

The facility

Pursuant to the terms of the intercompany loan agreement, the issuer will lend to Funding 1 from time to time on the relevant closing date for each series and class (or sub-class) of notes an aggregate amount in sterling equal to the gross proceeds of issue of such notes, after converting, if applicable, the proceeds of the notes issued in a currency other than sterling into sterling at the relevant currency exchange rates. Each such advance of funds will be a separate term advance under the intercompany loan agreement. Each term advance will relate to a particular series and class (or sub-class) of notes. The applicable intercompany loan confirmation will contain the terms of each term advance. The term advances and any further advances under term NR VFN advances shall (subject, in the case of term NR GIC collateral advances, as provided below) only be used by Funding 1 either to:

- make an initial contribution to the mortgages trustee to acquire a share of the trust property. The mortgages trustee will use the proceeds of the initial contribution to pay the seller part of the consideration for loans (together with their related security) sold to the mortgages trustee in connection with the issuance of notes by the issuer, which will result in a corresponding increase in the Funding 1 share of the trust property; or

- make a further contribution to the mortgages trustee to acquire part of a further funding company share and/or the seller share (such contribution to be paid to a further funding company (a **refinancing distribution**) or the seller (a **special distribution**), as the case may be, which will result in a corresponding decrease of such further funding company share or seller share of the trust property, as the case may be, and a corresponding increase in the Funding 1 share of the trust property); or

- fund or replenish the general reserve fund and/or the Funding 1 liquidity reserve fund; or

- make a payment to the issuer to refinance an existing term advance,

A term NR GIC collateral advance may only be used by Funding 1 to make a further contribution as described above.

In addition, a fee (the **facility fee**) will be payable by Funding 1 to the issuer equal to the aggregate of (i) the amount required by the issuer to pay or provide for all amounts (excluding interest and principal on any of the notes and any periodic payments relating to "interim exchange amounts" and "final exchange amounts" (each as defined in the relevant issuer swap agreements) payable by the issuer to the relevant issuer swap providers and tax that can be met out of the issuer's profit), if any, due and payable to the third parties (including any amounts representing irrecoverable VAT which may be due and payable thereon) on the corresponding interest payment date pursuant to the relevant issuer priority of payments; and (ii) the issuer profit amount. Such fee will also be paid out of Funding 1 available revenue receipts.

The issuer may, pursuant to the intercompany loan agreement, direct Funding 1 to pay in satisfaction (or, as the case may be, part satisfaction) of its obligation to pay the facility fee (or part thereof) such amounts directly to relevant third parties as are equal to amounts payable by the issuer to such third parties (provided that, for the avoidance of doubt, the obligation to pay such amounts to such third parties will remain with the issuer). The facility fee will be paid out of the Funding 1 available revenue receipts in accordance with the applicable Funding 1 priority of payments.

On each closing date, Funding 1 will pay a fee to the issuer pursuant to the terms of the intercompany loan agreement in an amount equal to the issuer's expenses in connection with the issue of notes on such closing date.

Ratings designations of the term advances

The designated term advance ratings of the term AAA advances reflect the ratings expected to be assigned to any class A notes by the rating agencies on the relevant closing date except that money market notes will have different short-term ratings. The designated term advance ratings of the term AA advances reflect the ratings expected to be assigned to any class B notes by the rating agencies on the relevant closing date. The designated term advance ratings of the term A advances reflect the ratings expected to be assigned to any class M notes by the rating agencies on the relevant closing date. The designated term advances ratings of the term BBB advances reflect the ratings expected to be assigned to any class C notes by the rating agencies on the relevant closing date. The designated term advances ratings of the term BB advances reflect the ratings expected to be assigned to any class D notes by the rating agencies on the relevant closing date. The term NR advances will correspond to the unrated class Z notes (including the term NR GIC collateral advances, which will correspond to the unrated class Z GIC collateral notes, and term NR VFN advances, which will correspond to the unrated class Z variable funding notes). The foregoing ratings assigned to a term advance and the designation of the term NR advance are collectively referred to as the **term advance ratings**. If, after any closing date, the rating agencies change the rating assigned to a series and class (or sub-class) of notes, this will not affect the term advance ratings of the related term advance under the intercompany loan agreement.

Issuance of term advances

The issuer may advance term advances to Funding 1 and issue corresponding series and classes (or sub-classes) of notes from time to time without obtaining the consent of existing noteholders. The issuer will not be obliged to advance term advances to Funding 1 unless on the relevant closing date certain conditions have been met, including:

- that the related series and class (or sub-class) of notes have been issued and the proceeds received by or on behalf of the issuer;
- that Funding 1 has delivered a certificate certifying that it is solvent;
- that each of the applicable transaction documents has been duly executed by the relevant parties to it; and
- one or more deeds of accession relating to the Funding 1 deed of charge have been executed by the parties to the Funding 1 deed of charge.

Representations and agreements

Funding 1 makes several representations to the issuer in the intercompany loan agreement including representations that Funding 1 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 1 has agreed, among other things, 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 1 will engage;

- it will not have any subsidiaries, any subsidiary undertakings, 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 without the consent of the Funding 1 security trustee 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 and fees

Payment of interest and fees on each term advance will be made principally from and to the extent of distributions by the mortgages trustee of amounts constituted from revenue receipts to Funding 1 in respect of the Funding 1 share of the trust property. Such payments of interest and fees will be made on Funding 1 payment dates in the priorities set forth in "**Cashflows**".

On each closing date, Funding 1 will pay a fee to the issuer pursuant to the terms of the intercompany loan agreement in an amount equal to the issuer's expenses in connection with the issue of notes on such closing date.

The interest rates applicable to the term advances from time to time will be determined by reference to a SONIA-based rate for such period specified in the applicable intercompany loan confirmation plus or minus, in each case, a margin which may differ for each separate term advance. The applicable final terms (or, in the case of exempt notes, the applicable pricing supplement) for a series of notes will set out details relating to the interest payment dates and payment of interest on the term advances related to the classes (or sub-classes) of notes of such series.

If, in the Funding 1 interest period immediately preceding a Funding 1 interest payment date, there has been a further advance in respect of a term NR VFN advance, the interest amount for that term NR VFN 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 1 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 paid on an increase date which is not a Funding 1 interest payment date shall be the same as that determined in respect of the principal amount outstanding of the class Z variable funding notes immediately prior to such increase date or such other rate specified in the applicable final terms (or, in the case of exempt notes, the applicable pricing supplement).

Repayment of principal on the term advances

Repayment of a term advance may be by way of bullet repayment, scheduled amortisation or on a pass-through basis. A term advance with a bullet repayment date is an advance that is scheduled to be repaid in full on one Funding 1 payment date (a **bullet term advance**). A term advance with scheduled amortisation is an advance that is scheduled to be repaid in instalments (each a **scheduled amortisation instalment**) on more than one Funding 1 payment date (a **scheduled amortisation term advance**). A term advance with pass-through repayment is an advance that has no scheduled repayment date other than its final repayment date (a **pass-through term advance**). A pass-through term advance will,

subject to the dates on which such amounts fall due as specified in the applicable final terms (or, in the case of exempt notes, the applicable pricing supplement) of the series and class (or sub-class) of notes which funded such term advance, be repaid on or after the Funding 1 payment date on which the term advances with the same series designation and a higher rating designation in respect of the series have been fully repaid.

Repayment of principal on the term advances will be made principally from and to the extent of distributions by the mortgages trustee of amounts constituted from principal receipts to Funding 1 in respect of the Funding 1 share of the trust property (and in certain circumstances amounts in the general reserve fund and revenue receipts used to cure deficiencies on the relevant principal deficiency ledger (if any)).

The intercompany loan confirmation for each term advance and the applicable final terms (or, in the case of exempt notes, the applicable pricing supplement) for the series and class (or sub-class) of notes which funded such term advance will set forth (i) the bullet repayment dates, (ii) the scheduled repayment dates, or (iii) the final repayment date on which a pass-through term advance is scheduled to be paid, as applicable. Each such date will be the same as the equivalent dates for the related series and class (or sub-class) of notes and may be monthly, quarterly, six-monthly, annually or otherwise.

Repayment of a term advance (or part thereof) will become due on the earliest to occur of:

- any date specified in relation to such term advance in the applicable intercompany loan confirmation and applicable final terms (or, in the case of exempt notes, the applicable pricing supplement) for the series and class (or sub-class) of notes which funded such term advance;

- the date upon which a trigger event occurs;

- the date upon which a note acceleration notice is served on the issuer;

- the date upon which an intercompany loan acceleration notice is served on Funding 1 under the Funding 1 deed of charge; and

- the date upon which a step-up date, if any, occurs in relation to the relevant term advance as specified in the applicable intercompany loan confirmation and applicable final terms (or, in the case of exempt notes, the applicable pricing supplement) for the series and class (or sub-class) of notes which funded such term advance,

  in each case subject to the applicable Funding 1 priority of payments.

In each case, when repayment of a term advance becomes due, it shall continue to be due until it is fully repaid. If there are insufficient funds available to repay a term advance on a Funding 1 payment date upon which that term advance has become or remains due, then the shortfall will be repaid on subsequent Funding 1 payment dates from Funding 1 available principal receipts until that term advance is fully repaid. You should note that in certain circumstances payments on the term AA advances, the term A advances, the term BBB advances, the term BB advances and the term NR advances will be deferred. See "**Cashflows—Distribution of Funding 1 available principal receipts**".

Funding 1 shall make a repayment of principal on a term advance corresponding to any optional redemption of all or part of the notes by the issuer. The issuer may only redeem the notes of any class if, following such redemption, each class of notes then outstanding retains its required amount of subordination. This general requirement is expressed in the repayment tests set out in "**Cashflows—Distribution of Funding 1 available principal receipts**" which must be satisfied in respect of any redemption of the notes.

Limited recourse

Funding 1 will only be obliged to pay amounts to the issuer in respect of any term advance to the extent that it has funds to do so after making payments or provisions ranking in priority to amounts due on such term advances (including amounts due on term advances of a more senior ranking). To the extent that Funding 1 does not have such funds available, the shortfall will itself accrue interest and, together with such accrued interest, will be deferred until such Funding 1 payment date as Funding 1 does have the relevant funds available in accordance with the then applicable Funding 1 priority of payments.

If, on the final repayment date of a term advance advanced under the intercompany loan agreement, there is a shortfall between the amount of interest and/or principal due on that term advance and the amount available to Funding 1 to make that payment, then that shortfall shall not be due and payable to the issuer until the time when Funding 1 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). However, if as stated below in "**Funding 1 intercompany loan events of default**" such an event were to occur on the last occurring final repayment date of any term advance then outstanding, then it would constitute an event of default under the intercompany loan agreement.

Any amounts that have been credited to a non-monthly term advance revenue ledger for a non-monthly term advance on a Funding 1 payment date to provide for the payment of interest (and, if applicable, step-up amount) or any amounts that have been credited to a non-monthly term advance principal ledger for a non-monthly term advance on a Funding 1 payment date to provide for the payment of principal on a non-monthly term advance may not be used to make payments on amounts owing for any other term advance, provided that any such amounts so retained will be paid out within 18 months of receipt thereof. However, amounts standing to the credit of a non-monthly term advance principal ledger may in certain circumstances be applied to make up a Funding 1 revenue deficit.

Following enforcement of the Funding 1 security and distribution of all proceeds of such enforcement in accordance with the terms of the Funding 1 deed of charge, all outstanding claims of, amongst others, the issuer and the Funding 1 security trustee against Funding 1 will be extinguished.

Funding 1 intercompany loan events of default

The intercompany loan agreement contains events of default (each a **Funding 1 intercompany loan event of default**), which include, among others, the following events:

- a default by Funding 1 for a period of five London business days in the payment of any amount payable under the intercompany loan agreement (but subject to the limited recourse provisions described in this section);

- Funding 1 does not comply in any material respect with its obligations under any of 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 20 London business days of Funding 1 becoming aware of its non-compliance or of receipt of written notice from the issuer security trustee requiring Funding 1's non-compliance to be remedied; or

- an insolvency event occurs in relation to Funding 1 or it is, or becomes, unlawful for Funding 1 to perform its obligations under any of the transaction documents.

Investors should note that, as described in "**Repayment of principal on the term advances**" and "**Limited recourse**", it will not be an event of default under the intercompany loan agreement if default is made by Funding 1 in paying amounts due under the intercompany loan agreement where Funding 1 does not have the money available to make the relevant payment or where the repayment tests are not satisfied except on the last occurring final repayment date of any term advance advanced under the

intercompany loan agreement which is then outstanding. The ability of the issuer to repay each series and class (or sub-class) of notes will depend, among other things, upon payments received by the issuer from Funding 1 under the related term advances pursuant to the intercompany loan agreement. See "**Risk Factors—Funding 1 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 your notes**".

If a Funding 1 intercompany loan event of default occurs and is continuing under the intercompany loan agreement, then the issuer security trustee will be entitled to deliver an acceleration notice to Funding 1 stating that the Funding 1 intercompany loan event of default has occurred. Upon the service of such an acceleration notice, the Funding 1 security trustee may direct that all term advances outstanding under the intercompany loan agreement become immediately due and payable and/or that all term advances outstanding under the intercompany loan agreement become due and payable on the demand of the Funding 1 security trustee.

New intercompany loan agreements

After the date of this base prospectus, new issuers may be established for the purpose of issuing new notes to investors and using the proceeds thereof to make new intercompany loans to Funding 1. The issuance of new notes by any new issuer and the making of the related new intercompany loans will only be permitted if certain conditions precedent are satisfied, including, among others, that the then current ratings of the rated notes issued by the issuer will not be reduced, withdrawn or qualified at the time of the issuance of such new notes by such new issuer. See "**Risk Factors—Other creditors will share in the same security granted by Funding 1 to the Funding 1 security trustee and this may adversely affect payments on your notes**".

Funding 1's bank accounts

Funding 1 maintains the Funding 1 GIC account and the Funding 1 transaction account (the **Funding 1 bank accounts**) in England in its name with Nationwide. The reserve funds are credited to the Funding 1 GIC account and on each distribution date Funding 1's share of the mortgages trust available revenue receipts, any distribution of principal receipts to Funding 1 under the mortgages trust and any balance remaining in the cash accumulation ledger will be deposited in the Funding 1 GIC account. On each Funding 1 payment date, monies standing to the credit of the Funding 1 GIC account representing Funding 1 available principal receipts and Funding 1 available revenue receipts will be credited to the Funding 1 transaction account to be applied by the cash manager in accordance with the relevant order for priority of payments. Prior to enforcement, amounts representing Funding 1's profits will be paid into and retained in the Funding 1 GIC account.

If the Funding 1 account bank ceases to have any of the Funding 1 account bank required ratings then either:

- with not less than 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) prior written notice, the Funding 1 transaction account and the Funding 1 GIC account will be closed and all amounts standing to the credit thereof shall be transferred to accounts held with a financial institution: (i) that has the Funding 1 account bank required ratings; and (ii) which is an authorised person under the FSMA unless Fitch and Standard & Poor's confirm that the then current ratings of the rated notes then outstanding would not be downgraded, withdrawn or qualified (provided that for S&P, such confirmation shall not be required to the extent such rating agency does not maintain a rating of any notes which are outstanding); or

- the Funding 1 account bank will obtain a guarantee of its obligations under the Funding 1 bank account agreement from a financial institution that has the Funding 1 account bank required ratings unless, in any case, Fitch, Moody's and S&P confirm that the then current ratings of the rated notes then outstanding would not be downgraded, withdrawn or qualified (provided that

for S&P, such confirmation from S&P shall not be required to the extent such rating agency does not maintain a rating of any notes which are outstanding); but

- where the Funding 1 account bank ceases to have the Funding 1 account bank required ratings relating to S&P and the Funding 1 account bank fails to obtain a guarantee of its financial obligations (the **Funding 1 account bank S&P rating event**), the transfer (where required) to the replacement financial institution shall occur within the S&P remedy period where S&P remedy period means the period from (but excluding) the date of the occurrence of the Funding 1 account bank S&P rating event to (and including) the later of: (A) the 60th calendar day following the date of the occurrence of the Funding 1 account bank S&P rating event and (B) if the cash manager or Funding 1 has, on or before the 60th calendar day following the date of the Funding 1 account bank S&P rating event, delivered to S&P a written proposal setting out the remedial action it is to take and S&P has notified the cash manager or Funding 1 that such proposal will result in the rating of the rated notes then outstanding being maintained at the level it was at immediately prior to the date of the Funding 1 account bank S&P rating event, the 90th calendar day following the date on which such Funding 1 account bank S&P rating event occurs (the **S&P remedy period**).

On each Funding 1 payment date, monies standing to the credit of the Funding 1 GIC account, the Funding 1 collateralised GIC account or the Funding 1 eligible bank GIC account, as the case may be, are, with the consent of the Funding 1 security trustee, transferred to the Funding 1 transaction account and applied by the cash manager in accordance with the relevant order for priority of payments of Funding 1. Amounts representing Funding 1's profits are retained in the Funding 1 transaction account;

Notwithstanding the foregoing, in the event that the Funding 1 account bank ceases to have the Funding 1 account bank required ratings, it may continue to operate, and receive Funding 1 deposit non-reserved amounts into, the Funding 1 collateralised GIC account provided that (i) the Funding 1 account bank provides collateral against the amount standing to the credit of the Funding 1 collateralised GIC account in the form of (x) procuring that term NR GIC collateral advances are made by the issuer through increases on the class Z GIC collateral notes, and/or (y) by posting eligible collateral under the collateral agreement and (ii) the "Deposit Rating" or (when a Deposit Rating is not assigned or not applicable) "Issuer Default Ratings" of the Funding 1 account bank does not fall below BBB- by Fitch.

The Funding 1 account bank required ratings means the "Issuer Default Ratings" of the Funding 1 account bank which shall be at least F1 short-term and the "Deposit Ratings" or (when a Deposit Ratings is not assigned or not applicable) the "Issuer Default Ratings" fall below A long-term by Fitch and both the senior unsecured debt ratings and deposit ratings fall below P-1 short-term or A2 long-term, as applicable, by Moody's and the issuer credit ratings fall below A long-term by S&P respectively (provided that for S&P, such rating requirement shall not apply to the extent such rating agency does not maintain a rating of any notes which are outstanding).

Governing law

The intercompany loan agreement and any non-contractual obligations arising out of or in connection with it are governed by English law.

THE MORTGAGES TRUST

The following section contains a summary of the material terms of the mortgages trust deed.

General legal structure

The mortgages trust was formed on the programme closing date under English law with the mortgages trustee as trustee for the benefit of seller and Funding 1 as the initial beneficiaries. In 2015, the original mortgages trustee resigned and was replaced by the current mortgages trustee. This section describes the material terms of the mortgages trust, including how money is distributed from the mortgages trust to Funding 1, each further funding company (if any) and the seller. The mortgages trust makes provision for the accession and adherence of further funding companies established by Holdings; although there is no guarantee that any such event may occur and noteholder consent will not be sought provided that, among other things, S&P confirms in writing that the then current ratings of the rated notes then outstanding will not be affected (and advance notice in writing of such accession and adherence of further funding companies established by Holdings has been provided to Moody's and Fitch and there being no reduction, qualification or withdrawal by Moody's or Fitch of the then current ratings of the rated notes as a consequence thereof) (provided that such confirmation from S&P shall not be required to the extent such rating agency does not maintain a rating of any notes which are outstanding).

The mortgages trust is a trust constituted under English law, with the mortgages trustee as trustee, for the benefit of the seller and Funding 1 and each further funding company (if any) as beneficiaries. The mortgages trust has been constituted for the programme described in this base prospectus and for the possibility of future financings by any further funding companies.

The terms of the mortgages trust deed may be amended as and when new issuers are established or new loan products are added to the mortgages trust or when further funding companies acquire an interest in the trust property. Such amendments may affect the timing of payments on the notes.

The prior consent of noteholders will not be sought in relation to any of the proposed amendments to the mortgages trust deed, provided *(inter alia)* that S&P confirms that the then current ratings of the rated notes will not be downgraded, withdrawn or qualified as a result of such amendments (and advance notice in writing of any such amendment has been provided to Moody's and Fitch and there being no reduction, qualification or withdrawal by Moody's or Fitch of the then current ratings of the rated notes as a consequence thereof) (provided that such confirmation from S&P shall not be required to the extent such rating agency does not maintain a rating of any notes which are outstanding). There can be no assurance, however, that the effect of any such amendments will not ultimately adversely affect your interests as a noteholder.

The trust property

Under the terms of the mortgages trust deed, the mortgages trustee has agreed to hold all of the trust property on trust absolutely for Funding 1 (as to the Funding 1 share), for each further funding company (as to its respective further funding company share) and for the seller (as to the seller share). The **trust property** is:

- the sum of £100 settled by the Jersey share trustee on trust on the programme closing date;
- any loans and their related security sold to the mortgages trustee by the seller after the programme closing date;
- as a result of capitalisation of interest, any increase in the true balance of a loan due to a borrower making underpayments or taking payment holidays under a loan or the seller making a further advance under a loan (unless repurchased by the seller) or due to the capitalisation of arrears or accrued interest and other amounts in arrears in respect of any loan;

- any revenue receipts and principal receipts on the loans in the portfolio;
- any contribution paid by Funding 1, any further funding company or the seller to the mortgages trustee, for application in accordance with the terms of the mortgages trust deed;
- any other amounts received under or in respect of the loans and their related security on or after the relevant sale date (excluding third party amounts), including the proceeds of any sale of the loans and their related security and any other proceeds of sale of any other trust property;
- any authorised investments made by or on behalf of the mortgages trustee from time to time (and income earned on these investments);
- rights under the insurance policies that are assigned to the mortgages trustee or which the mortgages trustee has the benefit of;
- amounts on deposit (and interest earned on those amounts) in the mortgages trustee bank accounts; and
- any other property representing any of the above;

less

- any actual losses in relation to the loans and any actual reductions occurring in respect of the loans in the portfolio as described in paragraph (1) of "Adjustments to trust property";
- distributions of revenue receipts and principal receipts made from time to time to the beneficiaries of the mortgages trust;
- refinancing distributions and/or special distributions made from time to time to the beneficiaries of the mortgages trust; and
- the initial purchase price (if any) paid by the mortgages trustee to the seller on each sale date for the sale to the mortgages trustee of loans and their related security.

No beneficiary is entitled to particular loans and their related security separately from any other beneficiary. Instead each of the beneficiaries has an undivided interest in all of the loans and their related security forming part of the trust property. The beneficial interests of Funding 1, any further funding company and the seller, represent *pro rata* undivided interests in the trust property.

The applicable final terms (or, in the case of exempt notes, the applicable pricing supplement) for a series of notes will set out the approximate Funding 1 share, seller share and each further funding company share (if any) of the trust property as at the relevant closing date for such notes.

Fluctuation of shares in the trust property

The shares of Funding 1, any further funding company and the seller in the trust property will fluctuate depending on a number of factors, including:

(a) the allocation of revenue receipts and principal receipts on the loans to Funding 1, each further funding company and/or the seller;

(b) losses arising on the loans in the portfolio;

(c) if loans and their related security are sold to the mortgages trustee;

(d) any of the beneficiaries increasing its beneficial interest in, and hence its share of, the trust property by making contributions (other than deferred contributions) to the mortgages trustee in accordance with the mortgage trust deed;

(e) the mortgages trustee making a special distribution to the seller (including through the proceeds of a class Z GIC collateral note) or a refinancing distribution to any funding company;

(f) if the mortgages trustee makes a payment of the initial purchase price to the seller for loans and their related security sold to it;

(g) if a borrower makes underpayments, overpayments or takes payment holidays under a loan or drawings under a flexible loan;

(h) if the seller makes a further advance to a borrower under a loan; and

(i) the capitalisation of arrears or accrued interest and other amounts in arrears in respect of any loan.

None of the Funding 1 share, any further funding company share or the seller share may be reduced below zero, regardless of the requirements in relation to the minimum seller share.

Contributions to the mortgages trust

Pursuant to the terms of the mortgages trust deed, each of the beneficiaries may contribute certain assets to the mortgages trust (each a **contribution**). A contribution may be made to the mortgages trust by way of an initial contribution, a refinancing contribution, a further contribution, a seller contribution or a deferred contribution.

An **initial contribution** is a contribution by way of cash payable, pursuant to the terms of the mortgages trust deed, by a funding company in respect of any trust property sold to the mortgages trustee at the time of such contribution for the purposes of enabling the mortgages trustee to fund the payment of the initial purchase price owed by the mortgages trustee, pursuant to the terms of the mortgage sale agreement, to the seller in respect of any loans and their related security sold to the mortgages trustee from time to time.

A **further contribution** is a contribution (excluding any initial contribution or deferred contribution but including a refinancing contribution and a seller contribution) by way of cash payable pursuant to the terms of the mortgages trust deed by a beneficiary to the mortgages trustee to increase the share of that beneficiary in the trust property. Upon receipt of a further contribution (other than a further contribution (or a part thereof) which is a refinancing contribution or a seller contribution) made by a funding company, the mortgages trustee will pay an amount equal to such further contribution to the seller on such further contribution date (whether or not such date is a distribution date) by way of a special distribution (the payment of such special distribution will decrease the seller share of the trust property).

A **refinancing contribution** is a contribution by way of cash payable, pursuant to the terms of the mortgages trust deed, by a beneficiary to the mortgages trustee. A refinancing contribution made by a beneficiary will increase the share of that beneficiary in the trust property by a corresponding amount. The mortgages trustee will allocate and pay amounts received as a refinancing contribution on a further contribution date to make a refinancing distribution to the funding company specified by the beneficiary that made the refinancing contribution on such further contribution date. The recipient's share in the trust property will be reduced accordingly (see further "**Refinancing distributions**"). A refinancing contribution is a contribution (or a part thereof) made by any one of the beneficiaries while any indebtedness of any funding company is outstanding, which (and to the extent that) such beneficiary

elects, in its sole discretion, to designate in whole or part as a refinancing contribution in relation to the recipient funding company. The amount of any refinancing contribution cannot exceed the aggregate principal amount of all debt obligations of the funding companies then outstanding (including the outstanding balance of any intercompany loan and start-up loan).

A **seller contribution** is a contribution by way of cash payable pursuant to the terms of the mortgages trust deed by the seller to the mortgages trustee to increase the share of the seller in the trust property. The seller will be required to make a contribution in an amount equal to the unpaid interest element otherwise due under any loan which is subject to an authorised underpayment or payment holiday.

A **deferred contribution** is a contribution by way of cash payable pursuant to the terms of the mortgages trust deed, by a funding company and in respect of the share of that funding company in the trust property for the purposes of enabling the mortgages trustee to fund the payment of the deferred purchase price (including in respect of early repayment charges) owed by the mortgages trustee, pursuant to the terms of the mortgage sale agreement, to the seller in respect of the portfolio.

Dates for recalculation of the share of each beneficiary

The cash manager will calculate and/or recalculate the then current share of each of the beneficiaries in the trust property on the twelfth day of each calendar month (or, if such a day is not a London business day, the next succeeding London business day) and the day on which the mortgages trust is terminated (each such date, a **trust calculation date**).

On each trust calculation date the relevant shares and share percentages of each beneficiary for the then current trust calculation period will be calculated. The way in which such shares and share percentages will be calculated on such trust calculation date is described in the sections entitled "**Funding 1 share of trust property – interim trust calculation period recalculations**", "**Further funding company's trust property**" and "**Seller share of trust property – trust calculation period calculation**". Such calculation will apply for the period from the start of such trust calculation period to the end of such trust calculation period unless a sale date or further calculation date (each, an **interim trust calculation date**) occurs during such trust calculation period. If an interim trust calculation date occurs during a trust calculation period in respect of which the relevant shares and share percentages of each beneficiary are calculated, then on the trust calculation date immediately succeeding such trust calculation period, the relevant shares and share percentages of each beneficiary for each interim trust calculation period will be calculated. The way in which such shares and share percentages will be calculated in respect of each interim trust calculation period is described in the sections entitled "**Funding 1 share of trust property – interim trust calculation period recalculations**", "**Seller share of trust property – interim trust calculation period recalculation**" and "**Each further funding company**".

The reason for the recalculation of the share of each beneficiary in respect of an interim trust calculation period is so as to determine the percentage share of each beneficiary in the trust property which will reflect the addition of loans and their related security or a further contribution (as the case may be) to the trust property.

On the trust calculation date immediately preceding each distribution date, the weighted average share percentages for each of the seller, Funding 1 and any further funding company and the minimum seller share will be calculated. The way in which such weighted average share percentages and minimum seller share will be calculated on such trust calculation date is described in the sections entitled "**The weighted average share percentages**", "**The weighted average share percentage of each further funding company**", "**The weighted average Funding 1 share percentage**", "**The weighted average seller share percentage**") and "**Minimum seller share**". These amounts will be calculated in respect of the trust calculation period and will only be required to be recalculated if an interim trust calculation date occurred during such trust calculation period ending immediately *prior to* such trust calculation date.

The share percentage that each beneficiary has in the trust property will determine that beneficiary's entitlement to revenue receipts and principal receipts from the loans in the trust property and also the allocation of losses arising on the loans for each trust calculation period or interim trust calculation period, as applicable.

The period from (and including) the first day of each calendar month (or, in the case of the first trust calculation period, the initial closing date) to (but excluding) the first day of the next calendar month or, as applicable, the date of termination of the mortgages trust is a **trust calculation period**.

In respect of a trust calculation period, the date of sale of any loans to the mortgages trustee is each a **sale date**.

In respect of a trust calculation period, the date that any of the beneficiaries makes a further contribution to the mortgages trust and/or a further funding company becomes a beneficiary is each, a **further contribution date**.

The period from (and including) the first day of each interim trust calculation date (or, in the case of the first interim trust calculation period in respect of a trust calculation period, the first day of such trust calculation period) to (but excluding) the next interim trust calculation date (or, as applicable, the last day of such trust calculation period) is an **interim trust calculation period**.

Distribution date means the 19th day of each month or, if not a London business day, the next London business day being the date that the mortgages trustee will distribute principal receipts and revenue receipts to Funding 1, any further funding company and the seller.

Funding 1 share of trust property – trust calculation date recalculation

On each trust calculation date (also referred to in this section as the **relevant trust calculation date**), the interest of Funding 1 in the trust property (the **Funding 1 share**) will be recalculated to take effect for the then current trust calculation period (unless an interim trust calculation date occurs during such trust calculation period) in accordance with the following formulae:

- The Funding 1 share of the trust property will be an amount equal to:

$$A - B - C + D + E + F$$

- The percentage share of Funding 1 (the **Funding 1 share percentage**) in the trust property will be an amount equal to:

$$\frac{A - B - C + D + E + F}{G} \times 100$$

in the latter case, expressed as a percentage and rounded upwards to five decimal places,

where:

A = the amount of the Funding 1 share in the trust property as determined on the immediately preceding trust calculation date or, as the case may be, the applicable initial closing date;

B = the sum of (i) the amount of any principal receipts on the loans to be distributed to Funding 1 on the distribution date immediately following the relevant trust calculation date and (ii) any refinancing distribution made to Funding 1 in the trust calculation period ending immediately prior to the relevant trust calculation date;

C = the amount of losses sustained on the loans which were allocated to Funding 1 in the trust calculation period ending immediately prior to the relevant trust calculation date and the amount of any reductions occurring in respect of the loans as described in paragraph (1) in "**Adjustments to trust property**", in each case allocated to Funding 1 in the trust calculation period ending immediately prior to the relevant trust calculation date;

D = the amount of any initial contribution paid by Funding 1 to the mortgages trustee during the trust calculation period ending immediately prior to the relevant trust calculation date in respect of the Funding 1 share of any new trust property sold by the seller to the mortgages trustee during such trust calculation period (the **new trust property**);

E = the amount of any further contribution including a refinancing contribution (but only to the extent of the amount of such refinancing contribution that is ultimately applied to repay a term advance) paid by Funding 1 to the mortgages trustee during the trust calculation period ending immediately prior to such relevant trust calculation date to increase the Funding 1 share of the trust property;

F = the amount of any capitalised arrears which have been allocated to Funding 1 in the trust calculation period ending immediately prior to the relevant trust calculation date and the increase in the true balance of the loans in the trust property for any amount of interest not paid on such loans in the trust calculation period ending immediately prior to the relevant trust calculation date due to the authorised underpayments or payment holidays that are allocated to Funding 1;

G = the aggregate true balance of all the loans in the trust property as at the beginning of the then current trust calculation period or, as the case may be, the initial closing date, after making or provisioning for the distributions, allocations and additions referred to in **B, C, D, E** and **F** and after taking account of (without double counting any amounts referred to in **B, C, D, E** and **F** above):

- the sale, if any, of loans during the trust calculation period ending immediately prior to the relevant trust calculation date;
- any distribution of principal receipts and revenue receipts (but only insofar as such revenue receipts are taken into account in determining the true balance) to any of the beneficiaries on the distribution date immediately following the relevant trust calculation date;
- any contributions by any beneficiaries in the trust calculation period ending immediately prior to the relevant trust calculation date (excluding deferred contributions);
- any distributions of principal receipts to any beneficiaries in the trust calculation period ending immediately prior to the relevant trust calculation date;
- the amount of any losses or capitalised arrears to be allocated to the beneficiaries in the trust calculation period ending immediately prior to the relevant trust calculation date;
- the amount of any increase in the true balance of the loans due to capitalisation of insurance premiums due by borrowers during the trust calculation period ending immediately prior to such relevant trust calculation date;
- the adjustments referred to in paragraphs (1) to (4) below in "**Adjustments to trust property**" (or, if the seller share is zero, the adjustments referred to in paragraph (1) only); and

- the amount of any other additions to or subtractions from the aggregate true balance of the loans comprising the trust property (including any subtractions made from the aggregate true balance of such loans resulting from overpayments made by borrowers and/or any additions to the aggregate true balance of such loans resulting from borrowers making underpayments or taking payment holidays under a loan during the trust calculation period ending immediately prior to such relevant trust calculation date, as described below in "**Additions to and reductions in the trust property**").

Further funding company's trust property

Following the acquisition by a further funding company of a share in the mortgages trust and its accession to the mortgages trust deed, the share of such further funding company in the trust property (a **funding company share**) and the percentage share of such further funding company in the trust property (each such share percentage a **funding company share percentage**) will be recalculated on the trust calculation date for the then current trust calculation period in the same way that the Funding 1 share and the Funding 1 share percentage are recalculated as described in "**Funding 1 share of trust property – trust calculation date recalculation**", except that references to Funding 1 are to be read as references to the relevant further funding company.

Funding 1 share of trust property – interim trust calculation period recalculations

On each trust calculation date (also referred to in this section as the **relevant trust calculation date**), the Funding 1 share in the trust property will be recalculated in respect of each interim trust calculation period (each, a **relevant interim trust calculation period** and the first day of a relevant interim trust calculation period being a **relevant interim trust calculation date**) occurring during the trust calculation period ending immediately prior to the relevant trust calculation date, for the sole purpose of calculating the distributions to be made from the trust property on the distribution date immediately succeeding such trust calculation date, in accordance with the following formula:

(a) the current Funding 1 share of the trust property will be an amount equal to:

$$(A - B + D)$$

(b) the current Funding 1 share percentage of the trust property will be an amount equal to:

$$\frac{(A - B + D)}{G} \times 100$$

expressed as a percentage and rounded upwards to five decimal places,

where:

A = the size of the Funding 1 share as determined in respect of the later to occur of the beginning of the trust calculation period ending immediately prior to the relevant trust calculation date and, if applicable, the interim trust calculation date immediately preceding the relevant interim trust calculation date;

B = the actual amount of any refinancing distribution (but only to the extent of the amount of such refinancing contribution that is ultimately applied to repay a term advance) paid to Funding 1 on the relevant interim trust calculation date;

D = (a) the amount of any initial contribution paid by Funding 1 to the mortgages trustee on the relevant interim trust calculation date or, as the case may be, (b) an amount equal to the further contribution including a refinancing contribution (but only to the extent of the amount of such refinancing contribution that is ultimately applied to repay a term

advance) paid by Funding 1 to the mortgages trustee on the relevant interim trust calculation date which is a further contribution date; and

G = the sum of:

(c) the true balance of all of the loans in the trust property as at the later to occur of the beginning of the trust calculation period ending immediately prior to the relevant trust calculation date and, if applicable, the interim trust calculation date immediately preceding the relevant interim trust calculation date; and

(d) the true balance of the loans sold to the mortgages trustee on the relevant interim trust calculation date,

in each case, after taking into account the amounts and adjustments referred to in the calculation of G as set out under the heading "**Funding 1 share of trust property – trust calculation date recalculation**".

Each further funding company

Following the acquisition by a further funding company of a share in the mortgages trust and its accession to the mortgages trust deed the share of such further funding company in the trust property and its further funding company share percentage in the trust property will be recalculated on each trust calculation date for each interim trust calculation period occurring in the trust calculation period ending immediately prior thereto in the same way that the Funding 1 share and the Funding 1 share percentage are recalculated as described in "**Funding 1 share of trust property – interim trust calculation period recalculations**", except that references to Funding 1 are to be read as references to the relevant further funding company.

Adjustment of shares

In making the relevant calculations on each trust calculation date and making the distributions to the beneficiaries, the mortgages trustee, or the cash manager on its behalf, will take account of and make adjustments for such calculations and distributions in order that:

(a) subject as provided in paragraphs (b) to (f) below, payment by any beneficiary of a contribution (excluding a deferred contribution) shall increase that beneficiary's share by a corresponding amount. The amount of any such increase will be calculated on the trust calculation date immediately following the end of the trust calculation period in which such payment took place and will take effect from and including the relevant sale date or further contribution date;

(b) any consideration provided by the seller shall increase the seller share by a corresponding amount. The amount of any such increase will be calculated on the trust calculation date immediately following the end of the trust calculation period in which such payment took place and will take effect from and including the relevant sale date;

(c) any further advance funded (and not repurchased) by the seller shall increase the seller share by a corresponding amount. The amount of any such increase will be calculated on the trust calculation date immediately following the end of the trust calculation period in which such payment took place and will take effect from the trust calculation date following the trust calculation period in which the further advance is funded;

(d) any seller contribution shall increase the seller share by a corresponding amount. The amount of any such increase will be calculated on the trust calculation date immediately following the end of the trust calculation period in which such payment took place and

will be deemed to take effect from the trust calculation date following the trust calculation period in which the seller contribution is made;

(e) payment of any special distribution to the seller shall decrease the seller share by a corresponding amount. The amount of any such decrease will be calculated on the trust calculation date immediately following the end of the trust calculation period in which such payment took place and will take effect from the further contribution date on which such special distribution is paid to the seller; and

(f) payment of any refinancing distribution to a funding company shall decrease the share of the recipient funding company by a corresponding amount. The amount of any such decrease will be calculated on the trust calculation date immediately following the end of the trust calculation period in which such payment took place and will take effect from the further contribution date on which such refinancing distribution is paid to the recipient funding company.

Adjustments to trust property

If any of the following events occurs during a trust calculation period or, as applicable, interim trust calculation period, then the aggregate true balance of the loans in the trust property will be reduced or deemed to be reduced for the purposes of the calculation of **G** above with respect to the relevant sale date or, as applicable, further contribution date recalculation and the trust calculation date recalculation:

(1) Any borrower exercises a right of set-off so that the amount of principal and interest owing under a loan in the portfolio is reduced but no corresponding payment is received by the mortgages trustee. In this event, the aggregate true balance of the loans in the trust property will be reduced by an amount equal to the amount of that set-off; and/or

(2) A loan or its related security (i) does not on the date of its sale to the mortgages trustee materially comply with the representations and warranties contained in the mortgage sale agreement or (ii) is the subject of a product switch or a further advance and does not comply with the relevant conditions for remaining in the trust property or does not, on the date of the further advance or product switch materially comply with the representations and warranties contained in the mortgage sale agreement or (iii) the seller exercises its option to repurchase such loan and its related security (and, in each case, the seller fails to repurchase the loan or loans and their related security to the extent required by the terms of the mortgage sale agreement). In this event, the aggregate true balance of the loans in the trust property will be deemed to be reduced for the purposes of the calculation of **G** by an amount equal to the true balance of the relevant loan or loans; and/or

(3) 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 and its related security is not capable, for any reason, of being repurchased. In this event, the aggregate true balance of the loans in the trust property will be deemed to be reduced for the purposes of the calculation of **G** by an amount equal to the true balance of the relevant loan or loans; and/or

(4) The seller does not comply, in any material respect, with any other warranty under the mortgage sale agreement and/or (for so long as the seller is the servicer) the servicing agreement, which will also be grounds for terminating the appointment of the servicer. In this event, the aggregate true balance of the loans in the trust property will be deemed to be reduced for the purposes of the calculation of **G** by an amount equal to the resulting loss (if any) incurred by the beneficiaries.

The reductions or deemed reductions set out in paragraphs (1) to (4) above will be made on each business day, but only aggregated and accounted for on the next following trust calculation date first to

the seller share and thereafter (but in respect of paragraph (1) above only) will be made to each Funding 1 share and further funding company share, *pro rata* according to the then current funding company share percentage thereof.

Any sums that are subsequently recovered by the mortgages trustee in connection with a reduction or deemed reduction of the trust property under paragraphs (1) to (4) above will constitute a revenue receipt under the relevant loan. Such revenue receipt will be allocated to each of the funding companies according to the then current funding company share percentage thereof (but only if and to the extent that the related reductions were applied against the Funding 1 share, and the funding company share of the trust property) and thereafter will belong to the seller.

The weighted average share percentages

On any trust calculation date where, during the trust calculation period ending immediately prior thereto, the seller has sold loans to the mortgages trustee or a beneficiary has made a further contribution, the cash manager will calculate (for the sole purpose of making the distributions to be made on the immediately succeeding distribution date) the weighted average of the current Funding 1 share percentage, each further funding company percentage and the current seller share percentage in respect of each interim trust calculation period occurring in that trust calculation period ending immediately prior thereto. The calculation will be based on the amount of the revenue receipts and the principal receipts received and the losses sustained during each such preceding interim trust calculation period.

The weighted average Funding 1 share percentage

The **weighted average Funding 1 share percentage** for 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 Funding 1 share (revenue) percentage**), the sum, in respect of all interim trust calculation periods during the trust calculation period ending immediately prior to the relevant trust calculation date, of:

(i) for each interim trust calculation period during that trust calculation period, the amount, expressed as a percentage, calculated as the product of:

(A) the related Funding 1 share percentage for that interim trust calculation period; and

(B) the amount of all revenue receipts received by the mortgages trustee during that interim trust calculation period;

divided by:

(ii) the aggregate of all revenue receipts received by the mortgages trustee during the trust calculation period ending immediately prior to the relevant trust calculation date;

(b) in respect of the distribution of principal receipts to be made on the immediately succeeding distribution date (the **weighted average Funding 1 share (principal) percentage**), the sum, in respect of all interim trust calculation periods during the trust calculation period ending immediately prior to the relevant trust calculation date, of:

(i) for each interim trust calculation period during that trust calculation period, the amount, expressed as a percentage, calculated as the product of:

(A) the related Funding 1 share percentage for that interim trust calculation period; and

(B) the amount of all principal receipts received by the mortgages trustee during that interim trust calculation period;

divided by:

(ii) the aggregate of all principal receipts received by the mortgages trustee during the trust calculation period ending immediately prior to the relevant trust calculation date; and

(c) in respect of the allocation of losses to be made on the immediately succeeding distribution date (the **weighted average Funding 1 share (losses) percentage**), the sum, in respect of all interim trust calculation periods during the trust calculation period ending immediately prior to the relevant trust calculation date, of:

(i) for each interim trust calculation period during that trust calculation period, the amount, expressed as a percentage, calculated as the product of:

(A) the related Funding 1 share percentage for that interim trust calculation period; and

(B) the amount of all losses sustained on the loans during that interim trust calculation period;

divided by:

(ii) the aggregate of all losses sustained on the loans during the trust calculation period ending immediately prior to the relevant trust calculation date.

The weighted average share percentage of each further funding company and the weighted average Funding 1 share percentage

The **weighted average further funding company share percentage** of each further funding company (if any) will be calculated in the same way as the weighted average Funding 1 share percentage, except that references to Funding 1 are to be read as references to the relevant further funding company.

The **weighted average further funding company share (revenue) percentage** will be calculated in the same way as the weighted average Funding 1 share (revenue) percentage, except that references to Funding 1 are to be read as references to the relevant further funding company.

The **weighted average further funding company share (principal) percentage** will be calculated in the same way as the weighted average Funding 1 share (principal) percentage, except that references to Funding 1 are to be read as references to the relevant further funding company.

The **weighted average further funding company share (losses) percentage** will be calculated in the same way as the weighted average Funding 1 share (losses) percentage, except that references to Funding 1 are to be read as references to the relevant further funding company.

Seller share of trust property – trust calculation period calculation

On each trust calculation date, the interest of the seller in the trust property will be calculated for the trust calculation period ending immediately prior thereto or (where a sale date or further contribution date occurs during such trust calculation period, each interim trust calculation period) beginning on the first day of such trust calculation period in accordance with the following formulae:

The **seller share** in the trust property will be an amount equal to:

- the amount calculated under G as set out under the heading "**Funding 1 share of trust property – interim trust calculation period recalculations**") minus the aggregate of the Funding 1 share and each further funding company share as calculated on the relevant trust calculation date in accordance with the formula set out in "**Funding 1 share of trust property – interim trust calculation period recalculations**".

The percentage share of the seller in the trust property will be an amount equal to:

- 100% minus the aggregate of the Funding 1 share percentage and each further funding company share percentage as calculated on the relevant trust calculation date in accordance with the formula set out in "**Funding 1 share of trust property – interim trust calculation period recalculations**".

Seller share of trust property – interim trust calculation period recalculation

On each trust calculation date, the interest of the seller in the trust property will be recalculated in respect of each interim trust calculation period (each, a **relevant interim trust calculation period**) occurring during the trust calculation period ending immediately prior to such trust calculation date in accordance with the following formulae:

The **seller share** in the trust property for a relevant interim trust calculation period will be an amount equal to:

- the amount calculated under G as set out under the heading "**Funding 1 share of trust property – interim trust calculation period recalculations**" for the relevant interim trust calculation period minus the aggregate of the Funding 1 share and each further funding company share as calculated for the relevant interim trust calculation period.

The percentage share of the seller in the trust property will be an amount equal to:

- 100% minus the aggregate of the Funding 1 share percentage and each further funding company share percentage as calculated for the relevant interim trust calculation period.

Beneficiary shares not to be reduced below zero

None of the Funding 1 share, each further funding company share or the seller share of the trust property may be reduced to or below zero, regardless of the requirements in relation to the minimum seller share.

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.

The weighted average seller share percentage

On any trust calculation date where, during the trust calculation period ending immediately prior thereto, the seller has sold loans to the mortgages trustee or a beneficiary has made a further contribution, the cash manager will calculate (for the sole purpose of making the distributions to be made on the immediately succeeding distribution date) the weighted average of the current seller share percentages that were calculated previously in respect of each interim trust calculation period occurring in such trust calculation period ending immediately prior to such trust calculation date. The calculation will be based on the amount of the revenue receipts and the principal receipts received and the losses sustained during each such preceding interim trust calculation period.

The weighted **average seller share percentage** for 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**), the sum based on the following formula:

100%	*minus*	(Then current weighted average Funding 1 share (revenue) percentage *plus* the then current weighted average further funding company share (revenue) percentage of each further funding company)

(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**), the sum based on the following formula:

100%	*minus*	(Then current weighted average Funding 1 share (principal) percentage *plus* the then current weighted average further funding company share (principal) percentage of each further funding company)

(c) in respect of the allocation of losses to be made on the immediately succeeding distribution date (the **weighted average seller share (losses) percentage**), the sum based on the following formula:

100%	*minus*	(Then current weighted average Funding 1 share (losses) percentage *plus* the then current weighted average further funding company share (losses) percentage of each further funding company)

Minimum seller share

The seller share includes an amount known as the **minimum seller share**. The amount of the minimum seller share will fluctuate depending on changes to the characteristics of the loans in the trust property. 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 unless and until the earlier of:

- each of the Funding 1 share, and the funding company share of each further funding company is in an amount equal to zero; or
- an asset trigger event occurs.

The amount of the minimum seller share will be recalculated by the seller 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 notes issued by the issuer, other than any 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 Requirements at the relevant date of determination or as otherwise permitted under the U.S. Credit Risk Requirements, (b) an amount equal to a material net economic interest of not less than 5 per cent. in the securitisation calculated in accordance with the text of Article 6 of the UK Securitisation Regulation and (c) an amount equal to a material net economic interest of not less than 5 per cent. in the securitisation calculated in accordance with the text of Article 6 of the EU Securitisation Regulation, and (ii) the amount determined pursuant to the following formula:

X + Y + Z

where:

X = the product of (i) OC and (ii) for borrowers whose total deposits exceed the FSCS limit, the total deposit account balances of such borrower minus the FSCS limit; provided, that if the total deposit account balances of each borrower minus the FSCS limit is not available on the relevant trust calculation date, X shall equal 4% of the true balance of the loans in the trust property, as calculated on the relevant trust calculation date;

OC means (i) 1.05, or (ii) such other amount as is specified in the most recent final terms which the cash manager reasonably determines will not cause the downgrade, withdrawal or qualification of then current ratings of the rated notes.

Y = the product of p, q and r

where:

p = 8%;

q = the **flexible draw capacity**, being an amount equal to the maximum amount of cash withdrawals (including cash withdrawals in respect of flexible advances) that borrowers may draw under loans (including flexible loans) that permit such withdrawals in the trust property as determined in respect of the immediately preceding trust calculation period; and

r = 3; and

Z = to the extent applicable, the aggregate amount of loans included in the trust property which are not represented to be enforceable.

The purpose of X is to mitigate the risks relating to certain set-off risks relating to the loans. The amount of X may be reduced from time to time at the request of any of the beneficiaries (acting reasonably) provided that the Funding 1 security trustee has previously received written confirmation from S&P that the then current ratings of the rated notes as a result thereof will not be downgraded, withdrawn or qualified (and advance notice in writing of such calculation has been provided to Moody's and Fitch and there being no reduction, qualification or withdrawal by Moody's or Fitch of the then current ratings of the rated notes as a consequence thereof) (provided that such confirmation from S&P shall not be required to the extent such rating agency does not maintain a rating of any notes which are outstanding).

The purpose of the calculation in Y is to mitigate the risk of the seller failing to fund any cash withdrawals which borrowers are entitled to draw) under certain types of loans (including flexible loans and other loans incorporating flexible advances excluding any further advances for these purposes).

The purpose of Z is to mitigate enforceability risks relating to loans which are subject to the CCA (if applicable).

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 agreements—Cash management services provided in relation to the mortgages trust**".

Mortgages trust calculation of revenue receipts

Mortgages trust available revenue receipts are calculated by the cash manager on each trust calculation date and is an amount equal to the sum of:

- revenue receipts on the loans in the portfolio received during the immediately preceding trust calculation period;

- interest received or payable to the mortgages trustee on the mortgages trustee GIC account and the mortgages trustee transaction account during the immediately preceding trust calculation period;

- the amount of any seller contribution received by the mortgages trustee during the immediately preceding trust calculation period; and

- any amounts subsequently recovered from the mortgages trustee GIC account (while such amounts are collateralised pursuant to clause 4.10 of the cash management agreement) which were previously not capable of being withdrawn and ceased being mortgages trust available principal receipts or mortgages trust available revenue receipts,

less:

- amounts due to third parties (also known as **third party amounts**), including:

  (a) 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; and

  (b) recoveries in respect of amounts deducted from loans as described in paragraphs (1) to (4) above in "**Adjustments to trust property**", which will belong to and be paid to the funding companies and/or the seller as described therein,

  provided that revenue amounts and amounts of interest accrued in respect of amounts which cannot be withdrawn from the mortgages trustee GIC account while such amounts are collateralised pursuant to clause 4.10 of the cash management agreement (including, without limitation, in the event of a moratorium on insolvency, bank insolvency, administration or bank administration of Nationwide or it being unable to pay these amounts) shall cease to constitute mortgages trust available revenue receipts; provided further, that any amounts subsequently recovered in respect of such revenue amounts or amounts of interest from realisation of the related eligible collateral shall constitute mortgages trust available revenue receipts;

  which amounts may be paid daily from monies on deposit in the mortgages trustee GIC account.

In the mortgages trust revenue priority of payments below, references to the term **relevant trust calculation date** means the trust calculation date occurring in the most recently completed trust calculation period.

On each distribution date (or in respect of amounts due to third parties under paragraph (b)(ii) below or to the mortgages trustee account bank under paragraph (c)(iv) below, when due), the cash manager will apply mortgages trust available revenue receipts in accordance with the following **mortgages trust revenue priority of payments**:

(a) *first*, to the seller in an amount equal to any seller accrued interest amounts received by the mortgages trustee in the immediately preceding trust calculation period;

(b) then, *pari passu* and *pro rata*, to pay or provide for:

(i) amounts due and payable to the mortgages trustee under the provisions of the mortgages trust deed or to become due and payable to the mortgages trustee during the current trust calculation period; and

(ii) amounts due and payable to third parties or to become due and payable to third parties during the current trust calculation period from the mortgages trustee in respect of the mortgages trust, but only if:

(A) 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

(B) payment has not already been provided for elsewhere in the Mortgages Trust Deed;

(c) then, *pari passu* and *pro rata*, to pay or provide for:

(i) amounts due and payable to the servicer or to become due and payable to the servicer during the current trust calculation period, in each case by the mortgages trustee under the provisions of the servicing agreement;

(ii) amounts due and payable to the cash manager or to become due and payable to the cash manager during the current trust calculation period, in each case by the mortgages trustee under the provisions of the cash management agreement;

(iii) amounts due and payable to the mortgages trustee corporate services provider or to become due and payable to the mortgages trustee corporate services provider during the current trust calculation period, in each case by the mortgages trustee under the provisions of the mortgages trustee corporate services agreement; and

(iv) amounts due and payable to the mortgages trustee account bank or to become due and payable to the mortgages trustee account bank during the current trust calculation period, in each case by the mortgages trustee under the provisions of the mortgages trustee bank account agreement; and

(d) *finally*, *pari passu* and *pro rata* subject to the proviso below, to allocate and pay the remaining mortgages trust available revenue receipts to:

(i) Funding 1 in an amount determined by multiplying the total amount of the remaining mortgages trust available revenue receipts by the Funding 1 share percentage as calculated on the relevant trust calculation date (or, in the case of the first distribution date, as of the initial closing date);

(ii) each further funding company in an amount determined by multiplying the total amount of the remaining mortgages trust available revenue receipts by each further funding company share percentage as calculated on the relevant trust calculation date (or, in the case of the first distribution date following the date on which such further funding company acceded to the mortgages trust deed, as of the date on which such further funding company acceded to the mortgages trust deed);

(iii) the seller in an amount determined by multiplying the total amount of the remaining mortgages trust available revenue receipts by the seller share percentage as calculated on the relevant trust calculation date (or, in the case of the first distribution date, as of the initial closing date),

PROVIDED THAT, if a sale date or further contribution date has occurred during the trust calculation period immediately preceding the relevant distribution date, then the cash manager will use:

(1) the weighted average Funding 1 share (revenue) percentage (instead of the Funding 1 share percentage) in determining the amount of mortgages trust available revenue receipts to distribute to Funding 1;

(2) the weighted average funding company share (revenue) percentage of each further funding company (instead of each further funding company share percentage) in determining the amount of mortgages trust available revenue receipts to distribute to each further funding company; and

(3) the weighted average seller share (revenue) percentage (instead of the seller share percentage) in determining the amount of mortgages trust available revenue receipts to distribute to the seller.

Amounts due to the mortgages trustee, the servicer, the cash manager, the mortgages trustee corporate services provider and the mortgages trustee account bank will include amounts payable in respect of VAT, if any.

You should note that when a further funding company acquires an interest in the trust property, the allocation of mortgages trust available revenue receipts may change. In particular, Funding 1 may not receive mortgages trust available revenue receipts that would be available to pay amounts to any start-up loan providers or in respect of deferred contributions.

You will not have any right of prior review or consent to such changes, provided that (among other things) S&P confirms that the ratings of the rated notes will not be downgraded, withdrawn or qualified by such changes (and advance notice in writing of such changes has been provided to Moody's and Fitch and there being no reduction, qualification or withdrawal by Moody's or Fitch of the then current ratings of the rated notes as a consequence thereof) (provided further that such confirmation from S&P shall not be required to the extent such rating agency does not maintain a rating of any notes which are outstanding).

Cash management of trust property – principal receipts

Under the cash management agreement, the cash manager is also responsible for distributing principal receipts on behalf of the mortgages trustee on each distribution date. To understand how the cash manager distributes principal receipts on the loans on each distribution date, you need to understand the definitions set out below.

On each trust calculation date, the cash manager will ascertain whether the next following distribution date is within a cash accumulation period relating to a cash accumulation advance for any funding company and will ascertain each funding company's cash accumulation requirement and repayment requirement.

The cash accumulation period will be calculated separately for each cash accumulation advance.

Definitions

An **asset trigger event** will occur when an amount is debited to the AAA principal deficiency sub-ledger of Funding 1 (or any further funding company). For more information on the principal deficiency ledger, see "**Credit Structure**". The definition of **asset trigger event** may change as new loan types are sold to the mortgages trustee or when a further funding company acquires an interest in the trust property.

bullet term advance means any funding company term advance where the full amount of principal is scheduled to be repaid in full on one date (being the scheduled repayment date). In respect of any bullet

term advance made to Funding 1, such bullet term advance will be deemed to be a monthly pass-through term advance (and no longer a bullet term advance) if:

- any pass-through trigger event occurs; or

- any other date specified in the intercompany loan confirmation for such term advance occurs in relation to which it is specified that the bullet term advance will be deemed to be a monthly pass-through term advance.

If a bullet term advance is made to any further funding company the amount and scheduled repayment date of that bullet term advance will be notified to noteholders in the first investor report published after the date such bullet term advance is made. Noteholders will not be notified if any bullet term loan advance made to any further funding company is deemed to be a pass-through term advance.

cash accumulation advance means in relation to Funding 1, a bullet term advance and/or scheduled amortisation instalment.

cash accumulation ledger means a ledger maintained by the cash manager to record the amount accumulated by a funding company from time to time to pay relevant accumulation amounts. There will be a separate cash accumulation ledger for each funding company.

cash accumulation period means, as applicable, a Funding 1 cash accumulation period and/or a further funding company cash accumulation period.

cash accumulation requirement means on a trust calculation date in relation to a funding company:

- the principal amount remaining to be repaid in relation to each cash accumulation advance due to that funding company that is within its cash accumulation period;

- *plus*, on a trust calculation date falling immediately prior to a funding company payment date, amounts due and payable by that funding company on the immediately following funding company payment date (or which will become due and payable in the current funding company calculation period) in priority to payment of a cash accumulation advance due by that funding company on the relevant accumulation amount under the pre-enforcement principal priority(s) of payments relevant to that funding company (e.g. in relation to Funding 1, item (a) of the Funding 1 pre-enforcement principal priority of payments and, after first determining the amounts payable pursuant to items (a) to (r) (inclusive) of the Funding 1 pre-enforcement revenue priority of payments, item (b) of the Funding 1 pre-enforcement principal priority of payments);

- *plus*, on a trust calculation date falling immediately prior to a funding company payment date, the amount of principal required to meet the funding company revenue deficit amount (if any) in respect of that funding company as such amount is determined on the funding company calculation date preceding such funding company payment date;

- less the amount standing to the credit of the cash accumulation ledger of the relevant funding company at the last funding company payment date (which amount was not distributed on that funding company payment date and which is available to reduce the relevant cash accumulation requirement.

funding company calculation period means the period from (and including) a funding company payment date to (but excluding) the next following funding company payment date.

funding company term advance means any term advance made to a funding company (e.g. the term advances made to Funding 1 from time to time).

Funding 1 apportioned tracker rate loans amount means, in respect of a calculation period, an amount in Sterling equal to:

(a) the loan balance in respect of the tracker rate loans for the collection period relating to that calculation period;

multiplied by,

(b) (i) the sum of the outstanding principal amount of all intercompany loans at the close of business on the first day of that calculation period less (ii) the sum of (x) the balance of the principal deficiency ledger attributable to all intercompany loans at the close of business on the first day of that calculation period, and (y) the amount of the principal receipts in the Funding 1 GIC account attributable to all intercompany loans at the close of business on the first day of that calculation period;

divided by,

(c) the sum of the loan balance of the BMR loans, SMR loans, fixed rate loans and tracker rate loans for the collection period relating to that calculation period.

Funding 1 cash accumulation period in respect of each relevant accumulation amount means:

(a) in relation to bullet redemption notes, the period of time beginning on the earlier of the following two dates:

(i) the date determined after counting back in time from the relevant scheduled repayment date of the relevant accumulation amount, the number of months calculated under the definition of the Funding 1 anticipated cash accumulation period; and

(ii) the date determined after counting back in time from the relevant scheduled repayment date of the relevant accumulation amount, the number of months (if any) specified in the applicable final terms (or, in the case of exempt notes, the applicable pricing supplement) for the series and class (or sub-class) of notes which funded the relevant term advance; or

(b) in relation to scheduled redemption notes, the period of time beginning on the date which is three months prior to the scheduled repayment date, unless otherwise specified in the applicable final terms (or, in the case of exempt notes, the applicable pricing supplement),

PROVIDED THAT:

(i) a Funding 1 cash accumulation period shall end in respect of a relevant accumulation amount when Funding 1 has repaid the relevant scheduled amortisation instalment and/or bullet term advance in full (or provided sufficient funds for repayment thereof in full); and

(ii) a Funding 1 cash accumulation period shall not be longer than the period (if any) specified in the applicable final terms (or, in the case of exempt notes, the applicable pricing supplement) for the series and class (or sub-class) of notes which funded the relevant term advance to be the maximum length of such period.

Funding 1 anticipated cash accumulation period means on any trust calculation date the anticipated number of months required to accumulate sufficient principal receipts to pay the relevant accumulation amount in relation to a bullet term advance and/or a scheduled amortisation instalment made to Funding 1, which will be equal to:

$$\frac{J + K - L}{M \times N \times O}$$

calculated in months and rounded up to the nearest whole number, where:

J = the relevant accumulation amount;

K = the aggregate outstanding principal amount on that trust calculation date of:

- each bullet term advance or scheduled amortisation instalment made to Funding 1, the scheduled repayment date of which falls on or before the scheduled repayment date of the relevant accumulation amount; and
- each other bullet term advance or scheduled amortisation instalment made to the funding companies, the scheduled repayment date of which falls on or before the scheduled repayment date of the relevant accumulation amount;

L = the amount of any available cash already standing to the credit of the cash accumulation ledger of Funding 1 at the start of that Funding 1 interest period plus the aggregate amount of cash accumulation requirement paid to Funding 1 since the previous Funding 1 payment date;

M = the lower of (i) the sum of each monthly CPR on the 12 most recent trust calculation dates which have occurred prior to that date divided by 12 (or, if less than 12 trust calculation dates have occurred prior to such date, the number of calculation dates which have occurred) and (ii) the sum of each monthly CPR on the 3 most recent trust calculation dates which have occurred prior to that date divided by 3 (or, if less than 3 trust calculation dates have occurred prior to such date, the number of calculation dates which have occurred);

N = 0.85; and

O = the aggregate outstanding principal balance of the loans comprising the trust property as calculated on that trust calculation date.

further funding company cash accumulation period means the anticipated period required to accumulate sufficient funds to repay a cash accumulation advance made to a further funding company (ending when that further funding company has accumulated an amount equal to that cash accumulation advance, taking into account its obligation to accumulate for any other cash accumulation advance before, or at the same time as, the relevant cash accumulation advance).

monthly CPR on any trust calculation date means the total principal receipts received during the immediately preceding trust calculation period divided by the outstanding principal balance of the loans comprised in the trust property as at the immediately preceding trust calculation date.

A **non-asset trigger event** will occur on a trust calculation date if:

(a) an insolvency event occurs in relation to the seller on or before that trust calculation date;

(b) Nationwide ceasing to be the servicer or being required to use reasonable efforts to delegate to a new third party servicer, where a new servicer is not appointed or such delegation does not occur within 60 days;

(c) the seller share at any time is equal to or less than the minimum seller share on two consecutive trust calculation dates (in each case by reference to the most recent trust calculation date); or

(d) on two consecutive trust calculation dates (in each case by reference to the most recent trust calculation date) (i) the aggregate true balance of loans comprising the trust property at that date is less than the minimum trust size (if any) as specified in respect of such date in the most recent final terms, or (ii) the aggregate true balance of loans comprising the trust property at that date which mature no later than 2 January 2053 is not equal to or greater than the product of (1) 1 plus the minimum seller share expressed as a percentage of the aggregate outstanding principal balance of the loans and (2) the aggregate principal amount outstanding of the notes with a final maturity date of 21 January 2055.

The definition of **non-asset trigger event** may change as new loan types are sold to the mortgages trustee or when a further funding company acquires an interest in the trust property.

original bullet term advance means any funding company term advance which at any time has been a bullet term advance (even if such funding company term advance has subsequently become a pass-through term advance).

pass-through term advance means a funding company term advance which has no scheduled repayment date other than the final repayment date. The pass-through term advances of Funding 1 from time to time will be all the term advances other than the cash accumulation advances. In respect of any non-monthly pass-through term advance made to Funding 1, such pass-through term advance will be deemed to be a monthly pass-through term advance if:

- a pass-through trigger event occurs; or
- any other date specified in the intercompany loan confirmation occurs in relation to which it is specified that the pass-through term advance will be deemed to be a monthly pass-through term advance.

relevant accumulation amount means the amount of funds to be accumulated over a cash accumulation period in order to repay a bullet term advance or make a scheduled amortisation instalment in respect of a scheduled amortisation term advance, in each case on its scheduled repayment date (whether or not actually repaid on that scheduled repayment date).

repayment requirement means on a trust calculation date the amount, if any, by which:

- the aggregate of all principal amounts that will be due and payable by a funding company on the next funding company payment date in respect of the funding company term advances made to that funding company and the aggregate of all principal amounts that will be required to be credited to a non-monthly term advance principal ledger on the next funding company payment date on the basis:

  (a) that there would be no deferral of those funding company term advances due to the operation of applicable deferral rules (e.g. in respect of Funding 1, pursuant to Rule (1) as described in "**Cashflows—Distribution of Funding 1 available principal receipts—Rule (1) – Repayment deferrals**");

  (b) in respect of Funding 1 only (separate rules may apply to further funding companies), where Rule (2) as described in "**Cashflows—Distribution of Funding 1 available principal receipts—Rule (2) – Repayment of payable pass-through term advances after a due and payable date for pass-through term advances**" applies to the intercompany loan, that the amount so payable by Funding 1 in respect of term advances (other than bullet term advances and scheduled amortisation term advances) under the intercompany loan shall be treated as the lesser of:

(i) the amount due in respect of those term advances (excluding bullet term advances and scheduled amortisation term advances);

(ii) the aggregate amount that may be repaid by Funding 1 on a Funding 1 payment date in respect of the intercompany loan (if Rule (2) applies) (excluding bullet term advances and scheduled amortisation term advances);

and

(iii) the remaining mortgages trust available principal receipts after paying or providing for amounts set out in items (a) to (c) (inclusive) of the mortgages trust principal priority of payments;

(c) that funding company term advance will be treated as due if they are already due, or would become due on or before the next Funding 1 payment date in accordance with the terms of the relevant intercompany loan agreement or new intercompany loan agreement; and

(d) that amounts due to that funding company in respect of bullet term advances and scheduled amortisation term advances are excluded,

exceeds the sum of each repayment requirement amount paid to the relevant funding company on a previous distribution date (if any) during the relevant Funding 1 interest period.

scheduled amortisation instalment means that part of a scheduled amortisation term advance which is payable on a scheduled repayment date of that scheduled amortisation term advance.

scheduled amortisation term advance means any funding company term advance which is scheduled to be repaid in one or more instalments (being scheduled amortisation instalments) on scheduled repayment dates in accordance with the terms of the relevant debt instruments of the funding companies. In respect of any scheduled amortisation term advance made to Funding 1 under the intercompany loan agreement, such scheduled amortisation term advance will be deemed to be a monthly pass-through term advance (and no longer a scheduled amortisation term advance) if:

- a pass-through trigger event occurs; or
- any other date specified in the intercompany loan confirmation for such term advance occurs in relation to which it is specified that the scheduled amortisation term advance will be deemed to be a monthly pass-through term advance.

If a scheduled amortisation term advance is made to any further funding company, the amount and scheduled repayment dates of each scheduled amortisation instalment will be notified to noteholders in the first investor report available after the date such scheduled amortisation term advance is made.

There may be circumstances when the scheduled amortisation term advances made to a further funding company will be deemed to be monthly pass-through term advances.

scheduled repayment date means the funding company payment date when a funding company is required to repay a bullet term advance or make a scheduled amortisation instalment in respect of a scheduled amortisation term advance.

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

Mortgages trust calculation of principal receipts

Mortgages trust available principal receipts are calculated by the cash manager on each trust calculation date and will be equal to the amount that is standing to the credit of the principal ledger at the end of the immediately preceding trust calculation period, provided that, principal amounts which cannot be withdrawn from the mortgages trustee GIC account while such amounts are collateralised pursuant to the cash management agreement (including, without limitation, in the event of a moratorium on insolvency, bank insolvency, administration or bank administration of Nationwide or it being unable to pay these amounts) shall cease to constitute mortgages trust available principal receipts; provided further that any amounts subsequently recovered in respect of such principal amounts from realisation of the related eligible collateral shall constitute mortgages trust available principal receipts. Amounts subsequently recovered in respect of such principal amounts from the mortgages trustee GIC account will not constitute mortgages trust available principal receipts but will instead constitute mortgages trust available revenue receipts.

The cash manager will calculate the repayment requirement and the cash accumulation requirement (if any) on each trust calculation date and the relevant amounts will be notified to the mortgages trustee (who will be entitled to rely on such notifications).

In the mortgages trust principal priority of payments, references to the term **relevant trust calculation date** means the trust calculation date occurring in the most recently completed trust calculation period.

Mortgages trust allocation and distribution of principal receipts prior to the occurrence of a trigger event

On each distribution date (the **relevant distribution date**), provided no trigger event has occurred on or before the immediately preceding trust calculation date, the cash manager will apply further contributions (including refinancing contributions) (to the extent not already applied by the mortgages trustee in accordance with the terms of the mortgages trust deed) and the mortgages trust available principal receipts as follows (the **mortgages trust principal priority of payments**):

(a) first, in respect of any further contributions (other than any refinancing contributions) to allocate and pay to the seller, the amount of any special distribution which is then available and payable to the seller in accordance with the terms of the mortgages trust deed and in respect of any refinancing contributions to allocate and pay to the funding companies (as applicable), the amount of any refinancing distribution which is then available and payable to the relevant funding company in accordance with the terms of the mortgages trust deed;

(b) then *pari passu* and *pro rata*, if any of the funding companies has a cash accumulation requirement on that distribution date:

(i) to allocate and pay to Funding 1 an amount equal to the lesser of (1) all remaining mortgages trust available principal receipts multiplied by the Funding 1 share percentage and (2) an amount up to but not exceeding the sum of Funding 1's cash accumulation requirement (if any) on that distribution date;

(ii) to allocate and pay to each further funding company an amount equal to the lesser of (1) all remaining mortgages trust available principal receipts multiplied by that further funding company's funding company share percentage (2) an amount up to but not exceeding the sum of such further funding company's cash accumulation requirement (if any) on that distribution date;

(c) then pari passu and pro rata:

(i) to allocate and pay to Funding 1 an amount up to but not exceeding Funding 1's cash accumulation requirement (if any) on that distribution date after taking into account any amounts received by Funding 1 in accordance with item (b)(i) above;

(ii) to allocate and pay to each further funding company an amount up to but not exceeding such further funding company's cash accumulation requirement (if any) on such distribution date after taking into account any amounts received by such further funding company in accordance with item (b)(ii) above;

(d) then, *pari passu* and *pro rata*, if any of the funding companies has a repayment requirement on that distribution date:

(i) to allocate and pay to Funding 1 an amount equal to the lesser of (1) all remaining mortgages trust available principal receipts multiplied by the Funding 1 proportion and (2) an amount up to but not exceeding the sum of Funding 1's repayment requirement (if any) on that distribution date;

(ii) to allocate and pay to each further funding company an amount equal to the lesser of (1) all remaining mortgages trust available principal receipts multiplied by that further funding company proportion and (2) an amount up to but not exceeding the sum of such further funding company's repayment requirement (if any) on that distribution date;

(e) then, pari passu and pro rata:

(i) to allocate and pay to Funding 1 an amount up to but not exceeding Funding 1's repayment requirement (if any) on that distribution date after taking into account any amounts received by Funding 1 in accordance with items (c)(i) and (d)(i) above;

(ii) to allocate and pay to each further funding company an amount up to but not exceeding such further funding company's repayment requirement (if any) on that distribution date after taking into account any amounts received by such further funding company's in accordance with items (c)(ii) and (d)(ii) above; and

(f) finally, provided that the seller share on the immediately preceding trust calculation date is greater than the minimum seller share, to allocate and pay all remaining mortgages trust available principal receipts to the seller,

PROVIDED THAT, in relation to items (a) to (f) above, the following rules shall apply:

(i) the amount of mortgages trust available principal receipts to be allocated and paid:

(A) to Funding 1 on a distribution date will be reduced by an amount equal to the aggregate of Funding 1 available revenue receipts which are to be applied on the immediately succeeding Funding 1 payment date in reduction of deficiencies on the principal deficiency ledger and the amounts standing to the credit of the principal ledger of Funding 1 as at the last Funding 1 payment date (which amount was not distributed on that Funding 1 payment date); and

(B) to each further funding company on a distribution date will be reduced by an amount equal to the aggregate of available revenue receipts of such further funding company which are to be applied on the immediately succeeding

funding company payment date in reduction of deficiencies on the principal deficiency ledger(s) of the relevant funding company and the amounts standing to the credit of the principal ledger of such further funding company as at the last funding company payment date (which amount was not distributed on that funding company payment date),

but in each case only to the extent that (following any such reduction) amounts falling due under items (b), (c), (d) and (e) are still able to be paid in full;

(ii) a funding company will not be entitled to have allocated to it (nor will it have allocated to it or receive) in aggregate an amount of mortgages trust available principal receipts from the mortgages trustee on a distribution date which is in excess of:

(A) in respect of Funding 1, the Funding 1 share on such distribution date;

(B) in respect of each further funding company, such further funding company share on such distribution date; and

(iii) if on any trust calculation date prior to the occurrence of a non-asset trigger event the seller share (as calculated on such date) is equal to or less than the minimum seller share (as calculated on such date):

(A) the mortgages trustee will make provision in an amount which would have been payable to the seller if the seller share had been greater than the minimum seller share; and

(B) the seller will not receive nor have allocated to it any amount so provided for by the mortgages trustee in item (iii)(A) above until such time as the seller share as calculated at the relevant time is greater than the minimum seller share as calculated at such time and provided that (i) the seller will not receive nor have allocated to it any such amount if a non-asset trigger event occurs and is occurring (such amount being allocated to the funding companies *pari passu* and *pro rata* according to the Funding 1 proportion and each further funding company proportion, respectively) and (ii) if an asset trigger event occurs and is occurring, the seller will have allocated to it and will be paid such amount but only to the extent permitted by the rules governing distribution of principal receipts after the occurrence of an asset trigger event.

Mortgages trust allocation and distribution of principal receipts on or after the occurrence of a non-asset trigger event but prior to the occurrence of an asset trigger event

On each distribution date after the occurrence of a non-asset trigger event and until the occurrence of an asset trigger event, the cash manager will apply all mortgages trust available principal receipts by way of allocation and payment to the funding companies *pari passu* and *pro rata* according to the Funding 1 proportion and each further funding company proportion respectively, until each of the Funding 1 share and the funding company share of each further funding company in the trust property (as calculated on the trust calculation date falling in the immediately preceding trust calculation period) is zero. When the Funding 1 share and each further funding company share is zero, the remainder, if any, of such receipts will be allocated and paid to the seller (and, for the avoidance of doubt, such payments may reduce the seller share of the trust property to an amount less than the minimum seller share).

Notwithstanding the foregoing, if a sale date or a further contribution date has occurred during the trust calculation period immediately preceding such distribution date, the cash manager on behalf of the

mortgages trustee will apply all principal receipts by way of allocation and payment between and to Funding 1 and each further funding company according to the weighted average Funding 1 proportion and the relevant weighted average further funding company proportion for that distribution date, until each of the Funding 1 share and each further funding company share is zero.

The **weighted average Funding 1 proportion** and the **weighted average further funding company proportion**, in respect of a distribution date, shall mean the weighted average of the Funding 1 proportion and the further funding company proportion, each calculated with respect to each interim trust calculation period in the immediately preceding trust calculation period.

Following the occurrence of a non-asset trigger event, the notes will be subject to prepayment risk (that is, they may be repaid earlier than expected). See "**Risk Factors—The occurrence of a non-asset trigger event may accelerate the repayment of certain notes and/or delay the repayment of other notes**".

Mortgages trust allocation and distribution of principal receipts on or after the occurrence of an asset trigger event

On each distribution date after the occurrence of an asset trigger event or the service on Funding 1 of an intercompany loan acceleration notice or the service on the issuer of a note acceleration notice, the cash manager will allocate and pay all mortgages trust available principal receipts, *pari passu* and *pro rata*, to the funding companies and the seller according to the Funding 1 share percentage, the relevant further funding company share percentage and the seller share percentage, respectively (in each case as calculated on the trust calculation date falling in the immediately preceding trust calculation period), until each of the Funding 1 share, each further funding company share is zero. Following the occurrence of an asset trigger event, the making of allocations and payments to the seller may reduce the seller share below the minimum seller share.

Notwithstanding the foregoing, if a sale date has occurred during the trust calculation period immediately preceding any such distribution date, the cash manager on behalf of the mortgages trustee will apply all principal receipts by way of allocation and payment between and to the funding companies and the seller according to the weighted average Funding 1 share (principal) percentage and the relevant weighted average further funding company share (principal) percentages, and the weighted average seller share (principal) percentage, for that distribution date, until each of the Funding 1 share and each further funding company share is zero.

Following the occurrence of an asset trigger event, it is possible that the notes of any series may not be repaid in full by their respective final maturity dates. See "**Risk Factors—The occurrence of a non-asset trigger event may accelerate the repayment of certain notes and/or delay the repayment of other notes**".

Losses

All losses arising on the loans and in respect of any inability to withdraw amounts standing to the credit of the mortgages trustee GIC account will be applied in reducing each beneficiary's share.

Save as otherwise provided, each beneficiary's share of the losses will be determined on any date by multiplying the amount of losses by:

- in relation to Funding 1, the Funding 1 share percentage;
- in relation to each further funding company, the relevant funding company share percentage; and
- in relation to the seller, the seller share percentage,

in each case as determined on the immediately preceding trust calculation date, until the share of each beneficiary in the trust property is zero, regardless of the requirements in relation to the minimum seller share.

However, if, during the trust calculation period ending immediately prior to a trust calculation date, the seller has sold loans to the mortgages trustee, then the amount of losses shall be multiplied by, as applicable, the weighted average Funding 1 share (losses) percentage, the weighted average funding company share (losses) percentage of each further funding company and the weighted average seller share (losses) percentage, in each case as calculated on that trust calculation date, rather than the then current Funding 1 share percentage, the then current funding company share percentage of each further funding company and the then current seller share percentage respectively.

Disposal of trust property

The trust property is held on bare trust for the benefit of Funding 1, the seller and any further funding companies (if any) absolutely. Subject as provided otherwise in the mortgages trust deed and the other transaction documents, the mortgages trustee is not entitled to dispose of the trust property or create any security interests over the trust property.

If an event of default occurs under the intercompany loan agreement and (following the service on Funding 1 and the Funding 1 security trustee of an intercompany loan acceleration notice) the Funding 1 security trustee enforces the Funding 1 security, then the Funding 1 security trustee will be entitled, among other things, to sell the Funding 1 share of the trust property (see "**Security for Funding 1's obligations**").

Additions to and reductions in the trust property

Pursuant to the terms of the mortgage sale agreement, the seller will be solely responsible for funding any further advance made to a borrower on a loan in the loan portfolio. Any further advance made to a borrower will have the analogous effect of increasing the true balance of the relevant loan with effect from the following day and will therefore increase the seller share in the trust property, by the amount of that further advance on the next trust calculation date unless and until such affected loan is repurchased by the seller pursuant to the terms of the mortgage sale agreement.

If a borrower exercises a right to make an underpayment or take a payment holiday under a loan in the loan portfolio, then that will increase the true balance of the loan with effect from the day following the making of the underpayment or the taking of the payment holiday by an amount equal to the amount of interest not paid on the relevant loan in the month during which such underpayment or payment holiday option is exercised. The increase in the true balance of the loan will, on the trust calculation date following the trust calculation period in which the making of the underpayment or the taking of the payment holiday occurs be allocated to each of the beneficiaries *pro rata* according to their current respective shares in the trust property, unless and until the seller makes a seller contribution to the mortgages trustee in an amount equal to the unpaid interest element otherwise payable under any loan which is subject to an underpayment or payment holiday. If the seller makes such a seller contribution, then it will be deemed to be a revenue receipt, and only the seller share shall increase by a corresponding amount. The seller has agreed to make such seller contributions on an on-going basis pursuant to the terms of the mortgages trust deed, but it may cease making such contributions if it is subject to an insolvency event.

Increasing the shares of the funding companies by way of further contributions and additional initial contributions

On receipt by Funding 1 of term advances or new term advances made pursuant to the terms of the intercompany loan agreement or a new intercompany loan agreement (if any) or on receipt by a further funding company (if any) of new term advances made pursuant to the terms of a new funding

intercompany loan agreement (if any), then any such funding company may apply the proceeds of that term advance or new term advance (as applicable) as either a further contribution or an additional initial contribution to the mortgages trust to increase its beneficial interest in the trust property, and the Funding 1 share or the relevant further funding company's funding company share (as applicable). A funding company will be permitted to do this only if certain conditions are met, including *inter alia*:

(a) no event of default under the transaction documents or the documents relating to the indebtedness of any further funding company has occurred and is continuing or unwaived as at the relevant sale date or further contribution date (as applicable);

(b) no deficiency was recorded on the principal deficiency ledger (excluding any deficiency caused by a debit balance on the NR principal deficiency sub-ledger) or any principal deficiency ledger in respect of any further funding company as at the relevant sale date or further contribution date (as applicable);

(c) S&P has confirmed in writing that the proposed increase in the Funding 1 share or the funding company share of any further funding company share (as applicable) would not cause the then current ratings by the rating agencies of any rated notes then outstanding to be downgraded, withdrawn or qualified (and advance notice in writing of such proposed increase has been provided to Moody's and Fitch and there being no reduction, qualification or withdrawal by Moody's or Fitch of the then current ratings of the rated notes as a consequence thereof) (provided that such confirmation from S&P shall not be required to the extent such rating agency does not maintain a rating of any notes which are outstanding);

(d) as of the first day of the then current trust calculation period, the aggregate true balance of the loans 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 5% of the aggregate true balance of the loans in the trust property as of such date, unless S&P has confirmed that the then current ratings of any rated notes will not be downgraded, withdrawn or qualified as a result of any increase in, as applicable, the Funding 1 share or the funding company share of any further funding company share (and advance notice in writing of such calculation has been provided to Moody's and Fitch and there being no reduction, qualification or withdrawal by Moody's or Fitch of the then current ratings of the rated notes as a consequence thereof) (provided that such confirmation from S&P shall not be required to the extent such rating agency does not maintain a rating of any notes which are outstanding);

(e) the product of the WAFF and WALS (as defined below) for the loans comprised in the trust property calculated on the relevant date in accordance with the S&P methodology in the same way as for the portfolio on or about the initial closing date (or as agreed by the servicer and S&P from time to time) does not exceed the product of the WAFF and the WALS for the loans constituting the trust property calculated on the most recent previous closing date, plus 0.25% (provided that such test shall not apply to the extent such rating agency does not maintain a rating of any notes which are outstanding);

(f) such contribution does not result in the Moody's portfolio variation test value of the loans in the portfolio after such contribution, exceeding the most recently determined Moody's portfolio variation test value as at the most recent date on which a full pool analysis on the loans in the portfolio was conducted by Moody's, plus 0.30%;

(g) in respect of Funding 1, the general reserve fund has not been debited on or before the relevant sale date or further contribution date (as applicable) for the purposes of curing a principal deficiency in respect of the term advances in circumstances where the

general reserve fund has not been replenished by a corresponding amount by the relevant sale date of further contribution date (as applicable); and

(h) no security granted by a funding company has been enforced by the relevant funding security trustee,

provided that Funding 1 may not make any further contribution or additional initial contribution if, as at the relevant date of making such contribution, the step-up date in respect of any class (or sub-class) of notes of any series has been reached and the issuer of such notes has not exercised its option to redeem that class of notes as at the relevant date in accordance with the conditions of that class of notes. For the avoidance of doubt, this prohibition on Funding 1 making further contributions and additional initial contributions shall remain in effect only for so long as any such class of notes remains outstanding and, upon redemption, Funding 1 may again make such contributions to the mortgages trustee; and

provided further that in respect of a further contribution funded by Funding 1 through the making of a term NR GIC collateral advance, paragraphs (a) to (h) above (and any other conditions set out in the mortgages trust deed) shall not apply (other than the condition to deliver a solvency certificate with respect to the seller as described in the mortgages trust deed, which shall apply). If Funding 1 makes a term NR GIC collateral advance on or prior to a further contribution date, Funding 1 will make a further contribution (with the effect of increasing the Funding 1 share and decreasing the seller share on that further contribution date) in an amount equal to the amount of such term NR GIC collateral advance; and

provided further that in respect of a further contribution funded by Funding 1 through the making of a term NR VFN advance, paragraphs (a) to (h) above (and any other conditions set out in the mortgages trust deed) shall not apply (other than the condition to deliver a solvency certificate with respect to the seller as described in the mortgages trust deed, which shall apply). If Funding 1 makes a term NR VFN advance on or prior to a further contribution date, Funding 1 will make a further contribution (with the effect of increasing the Funding 1 share and decreasing the seller share on that further contribution date) in an amount equal to the amount of such term NR VFN advance.

Special distributions

Pursuant to the terms of the mortgages trust deed, the funding companies and the seller will agree that amounts held by the mortgages trustee on any date in respect of any further contribution (other than a refinancing contribution) paid by any funding company to the mortgages trustee (therefore excluding, for the avoidance of doubt, seller contributions) will be allocated and paid by the mortgages trustee to the seller as a distribution (a **special distribution**) from the mortgages trust on such date whether or not such date is a distribution date, subject to satisfaction of the conditions precedent for a further contribution set out under "**Increasing the shares of the funding companies by way of further contributions and additional initial contributions**" and the seller delivering a solvency certificate (executed by an authorised signatory of the seller) in a form and content acceptable to the mortgages trustee, the relevant Funding company that funded the corresponding further contribution and (in respect of Funding 1), the Funding 1 security trustee and (in respect of each further funding company) their respective security assignees. The payment of any such special distribution will reduce the seller share accordingly.

Refinancing distributions

Each of the beneficiaries may make a refinancing contribution (being a contribution designated as such by the beneficiary in the relevant documentation) to the mortgages trustee from time to time. A refinancing contribution is a cash payment made by a beneficiary to the mortgages trustee, which the relevant beneficiary directs the mortgages trustee to apply to reduce the share of another beneficiary

(other than the seller). A beneficiary may only give such a direction to the mortgages trustee with the prior consent of the relevant funding company whose share will be reduced. In respect of Funding 1, the prior written consent of the Funding 1 security trustee will also be required. Similarly, in the case of each further funding company, consent on behalf of the relevant funding company's secured creditors will be required.

Pursuant to the terms of the mortgages trust deed, the beneficiaries have agreed that amounts held by the mortgages trustee on a further contribution date in respect of any refinancing contribution paid by a beneficiary to the mortgages trustee on such further contribution date will be allocated and paid by the mortgages trustee to the relevant funding company as a refinancing distribution (a **refinancing distribution**) from the mortgages trust on such date whether or not such a date is a distribution date. The payment of any such refinancing distribution will reduce the recipient funding company share accordingly.

Certain conditions will apply to the right of a funding company to accept refinancing distributions (save for refinancing contributions made with the purpose of repaying term NR GIC collateral advances). In respect of a refinancing distribution to be accepted these are:

(a) in respect of Funding 1 only, if

(i) except where the refinancing distribution is being applied to repay (in whole or in part) a term AAA advance which is a scheduled amortisation term advance, the Funding 1 security trustee has received written confirmation from S&P that the then current ratings of the rated notes would not be withdrawn, qualified or downgraded as a result (provided that such confirmation from S&P shall not be required to the extent such rating agency does not maintain a rating of any notes which are outstanding); or

(ii) where the refinancing distribution is being applied to repay (in whole or in part) a term AAA advance which is a scheduled amortisation term advance or a term NR advance, preliminary notification of the refinancing distribution has been made by the seller to S&P at least 30 days prior to the proposed date of such refinancing distribution (and there being no reduction, qualification or withdrawal by S&P of the then current ratings of the rated notes as a result) (provided that such confirmation from S&P shall not be required to the extent such rating agency does not maintain a rating of any notes which are outstanding),

and provided that, in respect of each of (i) and (ii) above, notification of the refinancing distribution has also been made by the seller to Moody's and Fitch (and there being no reduction, qualification or withdrawal by Moody's or Fitch of the then current ratings of the rated notes as a consequence thereof);

(iii) in respect of each further funding company only, if S&P has confirmed that the then current ratings of its indebtedness would not be downgraded, withdrawn or qualified as a result thereof (and advance notice in writing of such refinancing contribution has been provided to Moody's and Fitch and there being no reduction, qualification or withdrawal by Moody's or Fitch of the then current ratings of the rated notes as a consequence thereof) (provided that such confirmation from S&P shall not be required to the extent such rating agency does not maintain a rating of any notes which are outstanding); and

(iv) immediately prior to receiving any refinancing distribution, it delivers a solvency certificate, executed by an authorised signatory of the relevant funding company, to the mortgages trustee, the beneficiary making the

corresponding refinancing contribution and the Funding 1 security trustee or relevant security assignee (as appropriate) in form and content acceptable to their relevant security assignee.

If a further funding company issues debt instruments that would have the effect of extending the Funding 1 cash accumulation period in respect of any cash accumulation advance that is, as at the date that such debt instruments are issued, in a cash accumulation period or which would, as a result of the issue of that debt, be in a cash accumulation period (each an **affected cash accumulation advance**), then the proceeds of the debt instruments to be issued by such further funding company must be applied to make a refinancing contribution to the mortgages trustee. The mortgages trustee shall apply the proceeds of such refinancing contribution to make a refinancing distribution to Funding 1 on such date and in such amount.

Funding 1 agrees to apply the proceeds of a refinancing distribution received by the mortgages trustee from the seller to repay (in whole or in part) an intercompany loan or term advance.

Termination of the mortgages trust

The mortgages trust will terminate on the date on which there is no remaining trust property or, if earlier, such date as may be requested in writing by the seller to the mortgages trustee being on or after the date on which:

(a) the Funding 1 share and the funding company share of each further funding company has been reduced to zero; or

(b) the beneficiaries collectively agree to terminate the mortgages trust (but the beneficiaries mutually agree that such date shall not be earlier than the date upon which the amount outstanding under the intercompany loan agreement and any new intercompany loan agreement is repaid in full).

The beneficiaries are not entitled to remove or replace the mortgages trustee as the trustee of the mortgages trust. The mortgages trustee is not entitled to retire as the trustee of the mortgages trust or appoint any additional trustee of the mortgages trust.

The mortgages trustee's bank accounts

The mortgages trustee will enter into the mortgages trustee bank account agreement with the mortgages trustee account bank, the cash manager and the Funding 1 security trustee on substantially the same terms (including the ratings criteria) as the Funding 1 bank account agreement in relation to the mortgages trustee GIC account and the mortgages trustee transaction account (see "**The bank account agreements—Funding 1 bank account agreement**").

Governing law

The mortgages trust deed and any non-contractual obligations arising out of or in connection with it are governed by English law.

SERVICING AGREEMENT

The following section contains a summary of the material terms of the servicing agreement.

General

On the programme closing date, Nationwide was appointed by the mortgages trustee and each of the beneficiaries as servicer of the loans in the trust property pursuant to the terms of the servicing agreement to administer the loans and their related security in the portfolio. The servicing agreement makes provision for the accession and adherence of further funding companies established by Holdings; although there is no guarantee that, among other things, any such event may occur and noteholder consent will not be sought provided that S&P confirms in writing that the then current ratings of the rated notes then outstanding will not be affected (and advance notice in writing of such accession and adherence of further funding companies established by Holdings has been provided to Moody's and Fitch and there being no reduction, qualification or withdrawal by Moody's or Fitch of the then current ratings of the rated notes as a consequence thereof) (provided that such confirmation from S&P shall not be required to the extent such rating agency does not maintain a rating of any notes which are outstanding).

The servicer has undertaken that in its role as servicer it will comply with any proper directions and instructions that the mortgages trustee (as directed by the beneficiaries) may from time to time give to it in accordance with the provisions of the servicing agreement. The servicer is required to administer the loans and their related security in the following manner:

- in accordance with the servicing agreement; and

- as if the loans and mortgages had not been sold 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 Funding 1 secured creditors and the issuer secured creditors.

Powers

Subject to the guidelines for servicing set forth in the preceding section, the servicer has the power, *inter alia*:

- to exercise the rights, powers and discretions of the mortgages trustee, the seller and the funding companies in relation to the loans and their related security and to perform their duties in relation to the administration of 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 the following:

(a) to maintain approvals, authorisations, permissions, consents and licences required in order to service the loans and their related security properly and to perform or comply with its obligations under the servicing agreement, and to prepare and submit all necessary applications and requests for any further approvals, authorisations, permissions, consents and licences required in connection with the provision of

services under the servicing agreement, and in particular any necessary registrations under data protection laws, licences under the CCA and permissions under the FSMA;

(b) to determine and set the variable rate and any discretionary rate or margin applicable in relation to any loan in relation to the 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 and the funding companies, set or maintain:

(i) the variable rate at a rate which is higher than (although it may be lower than or equal to) the then prevailing seller variable rate in relation to loans of a particular type; and

(ii) any other discretionary rate or margin in respect of any other loan which is higher than (although it may be lower or equal to) the rate or margin which would then be set in accordance with the seller's policy from time to time in relation to that type of loan beneficially owned by the seller outside the portfolio except in certain circumstances.

The servicer will also determine on each Funding 1 calculation date immediately preceding each Funding 1 payment date, having regard to the aggregate of:

(A) the revenue which Funding 1 would expect to receive during the next succeeding Funding 1 interest period;

(B) the standard variable mortgage rates, and any other discretionary rates or margins applicable in respect of the loans which the servicer proposes to set under the servicing agreement; and

(C) the other resources available to Funding 1 (including the Funding 1 swap agreement, the general reserve fund and the Funding 1 liquidity reserve fund),

whether Funding 1 would receive an amount of revenue during the next succeeding Funding 1 interest period which when aggregated with the funds otherwise available to it will be less than the amount which is the aggregate of the amount of interest which will be payable by Funding 1 in respect of all term AAA advances and all amounts ranking higher in priority to such amounts on the Funding 1 payment date immediately after such next succeeding Funding 1 interest period.

If the servicer determines that there will be a shortfall in the foregoing amounts, it will give written notice to the mortgages trustee, the funding companies and the Funding 1 security trustee, within one London business day of such determination, of the amount of the shortfall and the standard variable mortgage rates and/or any other discretionary rates or margins which would, in the servicer's reasonable opinion, need to be set in order for no shortfall to arise, having regard to the date(s) on which the change to the standard variable mortgage rates and any discretionary rates or 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 standard variable mortgage rate loans and borrowers with other relevant loans. If the mortgages trustee or Funding 1 notifies the servicer that, having regard to the obligations of Funding 1, the standard variable mortgage rates and/or any discretionary rates or margins should be increased, the servicer will take all steps which are necessary to increase the standard variable mortgage rates and/or any discretionary rates or margins including publishing any notice which is required in accordance with the mortgage terms. In these circumstances, the servicer will have the right to set the standard variable mortgage rates and/or any discretionary rates or margins. The interest rate setting policy specified in the mortgage sale agreement

applies only to loans with interest rates which may be varied from time to time in the discretion of the lender and requires that such interest rates should be set: (a) where the borrower has been guaranteed it will be capped by reference to a certain level at, above or below the Bank of England base rate (or any other rate) at the time (such rate being the **SVR capped rate**), at no more than the SVR capped rate, and (b) in accordance with any applicable requirements, statement of good practice or guidelines of the FCA or any other requirements or recommendations of the OFT, FCA or any other regulatory body with which it is customary to comply.

In addition, the servicer shall set the standard variable mortgage rate, but only with effect from the date on which transfer of legal title to the Portfolio is effected (including publishing any notice which is required in accordance with the mortgage conditions to effect such change in the standard variable mortgage rate), to a rate greater than or equal to:

(i) with respect to the BMR the lesser of (x) Compounded Daily SONIA as determined by the agent bank as at that interest payment date plus 2.15% and (y) the Bank of England Base Rate plus 2.15% (the **new BMR rate**), and

(ii) with respect to the SMR, Compounded Daily SONIA as determined by the agent bank as at that interest payment date plus 2.15% (the **new SMR rate**),

and thereafter the servicer shall set the standard variable mortgage 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 standard variable mortgage rate) at a rate greater than or equal to the new BMR rate and the new SMR rate, as applicable. The servicer shall only be under an obligation to set the standard variable mortgage rate as described in this paragraph if it would not result in a breach of the applicable mortgage conditions and loan conditions and would not be contrary to applicable laws (including without limitation, applicable guidelines of the OFT and applicable statements of good practice of the FCA) and may be undertaken in accordance with the standards of a reasonable, prudent mortgage lender.

The mortgages trustee and/or any funding company, with the consent of the applicable funding security trustee, may terminate the authority of the servicer to determine and set the standard variable mortgage rates and any discretionary rates or margins on or after the occurrence of a servicer termination event, as described below in "**Termination of appointment of the servicer**", in which case the mortgages trustee will set the standard variable mortgage rates and any discretionary rates or margins itself in accordance with this paragraph subject always to the proviso in the paragraph above in relation to the SVR capped rate:

(c) 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 standard variable mortgage rates, the margin applicable to any other relevant loan or as a consequence of any provisions of the mortgage conditions or the offer conditions. It will also notify the mortgages trustee, the Funding 1 security trustee and the beneficiaries of any change in the standard variable mortgage rates;

(d) to act as collection agent for the mortgages trustee and the beneficiaries for the purpose of collecting amounts due from borrowers under the loans and their related security. It will deliver to the bankers automated clearing system (**BACS**) or to the mortgages trustee account bank such instructions as may be necessary for the debit of the account of each borrower in respect of which there is a direct debit mandate with the monthly payment due from such borrower and for the amount of such monthly payment to be credited to the mortgages trustee GIC account, respectively. Under certain circumstances, the alternative payment arrangements that ensure timely payment of

monthly payments due from the borrower to the mortgages trustee may be agreed between the servicer and the borrower;

(e) to execute all documents on behalf of the mortgages trustee, the seller, and the funding companies which are necessary or desirable for the efficient provision of services under the servicing agreement, including (but not limited to), documents relating to the discharge of mortgages comprised in the portfolio;

(f) to keep records and accounts on behalf of the mortgages trustee in relation to the loans and their related security;

(g) to keep the customer files and title deeds (to the extent they are retained by the seller) in safe custody and maintain records necessary to enforce each mortgage. It will ensure that each customer file and title deed is capable of identification and retrieval and that each customer file and 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-2 by S&P and P-2 by Moody's and the short-term "Issuer Default Ratings" of the seller is rated less than F2 by Fitch (provided that for S&P, such rating requirement shall not apply to the extent such rating agency does not maintain a rating of any notes which are outstanding), it will use reasonable endeavours to ensure the customer files and title deeds (if any) are identifiable as distinct from customer files and title deeds (if any) which relate to loans held outside the trust property;

(h) to provide the mortgages trustee, the funding companies (and their auditors) and the Funding 1 security trustee and any other person nominated by the beneficiaries with access to the title deeds and other records relating to the administration of the loans and mortgages;

(i) to provide the mortgages trustee, the funding companies and the rating agencies with a monthly investor report and to assist the issuer cash manager in the preparation of its monthly investor reports;

(j) 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, in respect of the loans;

(k) 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;

(l) to provide such other information to the Funding 1 security trustee and the mortgages trustee as reasonably requested by the Funding 1 security trustee or the mortgages trustee; and

(m) not knowingly to fail to comply with any legal requirements in the performance of its obligations under the servicing agreement.

The requirement for any action to be taken according to the standards of a reasonable, prudent mortgage lender is as defined in the "**Glossary**". For the avoidance of doubt, any action taken by the servicer to set variable rates and any applicable discretionary rates or margins which are lower than that of the competitors of the seller will be deemed to be in accordance with the standards of a reasonable, prudent mortgage lender.

Compensation of the servicer

The mortgages trustee will pay to the servicer an administration fee equal to 0.05% per annum (inclusive of any amounts in respect of VAT) of the aggregate amount of the trust property as determined on the trust calculation date in respect of the immediately preceding trust calculation period. The fee is payable in arrear on each distribution date and subject to the mortgages trust revenue priorities of payment. 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 intercompany loan or the date on which the debt instruments of each further funding company are repaid in full.

Resignation of the servicer

Subject to the fulfilment of a number of conditions (including the appointment of a substitute servicer), the servicer may voluntarily resign by giving not less than 12 months' notice to the mortgages trustee and each of the other beneficiaries. The substitute servicer will be required to be authorised and licensed to act as such under the FSMA, and have a management team with experience in administering mortgages in the United Kingdom and to enter into a servicing agreement with (amongst others) the mortgages trustee and the funding companies substantially on the same terms as the relevant provisions of the servicing agreement. It will be a further condition precedent to the resignation of the servicer that the then current ratings of the rated notes will not be downgraded, withdrawn or qualified as a result of the resignation, unless the relevant classes of noteholders otherwise agree by an extraordinary resolution.

Termination of appointment of the servicer

The mortgages trustee and/or the beneficiaries (in respect of Funding 1, with the prior written consent of the Funding 1 security trustee) and/or the Funding 1 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 under the servicing agreement and fails to remedy that default for a period of seven London business days after the earlier of becoming aware of the default and receipt of written notice from any funding company, the mortgages trustee or the Funding 1 security trustee requiring the default to be remedied;

- the servicer fails in the performance or observance of any of its other covenants or obligations under the servicing agreement which in the reasonable opinion of the Funding 1 security trustee (acting in its relevant capacity) is materially prejudicial to a funding company, the issuer, any new issuers and the holders of any notes and does not remedy that failure within 20 London business days after becoming aware of the failure or of receipt of written notice from any funding company, the mortgages trustee or the Funding 1 security trustee requiring the servicer's non-compliance to be remedied; or

- an insolvency event occurs in relation to the servicer; or

- any funding company resolves, after due consideration, that the appointment of the servicer should be terminated.

Under the terms of the servicing agreement, following a servicer termination event, the mortgages trustee and Funding 1 shall use their best endeavours to appoint a substitute servicer as described in more detail under "**Resignation of the servicer**" above.

The servicer has undertaken that, on the servicer ceasing to be assigned a long-term unsecured, unguaranteed and unsubordinated debt obligation rating by Moody's of at least Baa3 or by S&P of at least BBB- or by Fitch of at least BBB- (provided that for S&P, such confirmation from S&P shall not

be required to the extent such rating agency does not maintain a rating of any notes which are outstanding), it will use reasonable efforts to appoint a back-up servicer satisfactory to the mortgages trustee, the beneficiaries and the Funding 1 security trustee (and failing the servicer's ability to find a back-up servicer, the Funding 1 security trustee will be entitled to appoint such back-up servicer).

If the appointment of the servicer is terminated or the servicer resigns, the servicer must deliver the title deeds (if any) and customer files relating to the loans to, or at the direction of, the mortgages trustee. The servicing agreement will terminate when no funding company has any interest in the trust property and the intercompany loan and any existing indebtedness of each further funding company have been repaid in full.

Right of delegation by the servicer

The servicer may sub-contract or delegate the performance of all or any of its powers and obligations under the servicing agreement, provided that it meets certain conditions as set out in the servicing agreement (including, in certain circumstances, the prior written consent of the funding companies and the Funding 1 security trustee in relation to any new sub-contract) and provided that the servicer is not released or discharged from any liability therefore and remains liable for the performance or non-performance or breach by any sub-contractor or delegate of the duties so sub-contracted or delegated under the servicing agreement.

The consent of any funding company and any funding security trustee referred to in this document will not be required in respect of any delegation to an entity within the Nationwide group from time to time or to persons such as receivers, lawyers or other relevant professionals. Neither the note trustee, the issuer security trustee, the mortgages trustee, the funding companies nor the Funding 1 security trustee will be obliged to act as servicer in any circumstances.

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 or any of its sub-contractors in carrying out its functions under the servicing agreement or any other transaction documents to which the servicer is a party, 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 in any material respect and thereby causes loss to the beneficiaries, then, for so long as the servicer is also the seller, the seller share of the trust property will be reduced by an amount equal to the loss.

Governing law

The servicing agreement and any non-contractual obligations arising out of or in connection with it are governed by and is construed in accordance with English law provided that any terms particular to Scots or Northern Irish law will be construed in accordance with Scots or Northern Irish law, as applicable.

CASH MANAGEMENT AGREEMENTS

The following section contains a summary of the material terms of the cash management agreement and the issuer cash management agreement.

Cash management agreement

On or about the programme closing date, the cash manager, the mortgages trustee, Funding 1, Nationwide (in its capacity as the cash manager) and the Funding 1 security trustee entered into the cash management agreement. The cash management agreement makes provision for the accession and adherence of further funding companies established by Holdings; although there is no guarantee that any such event may occur and noteholder consent will not be sought provided that S&P confirms in writing that the then current ratings of the rated notes then outstanding will not be affected (and advance notice in writing of such accession and adherence of further funding companies established by Holdings has been provided to Moody's and Fitch and there being no reduction, qualification or withdrawal by Moody's or Fitch of the then current ratings of the rated notes as a consequence thereof) (provided that such confirmation from S&P shall not be required to the extent such rating agency does not maintain a rating of any notes which are outstanding).

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 the funding companies and the seller in the trust property (including the weighted average Funding 1 share percentage, the weighted average share percentage of each further funding company and the weighted average seller share percentage) in accordance with the terms of the mortgages trust deed;

(b) maintaining the following ledgers on behalf of the mortgages trustee:

- the Funding 1 share ledger, the share ledger of each further funding company and the seller share ledger, which record the current shares of each of the funding companies and the seller, respectively, 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 transaction account to the funding companies and the seller;
- the revenue ledger, which records revenue receipts on the loans received by the mortgages trustee and payments of revenue receipts from the mortgages trustee transaction account to the funding companies and the seller;
- ledgers which will record any overpayments or underpayments made by borrowers, any payment holidays taken by borrowers or any further advances in respect of the loans in the portfolio; and
- a ledger which will record any further contribution made by the funding companies to the mortgages trustee, whether or not such further contribution is in whole or part a refinancing contribution, and any special distribution or refinancing distribution made by the mortgages trustee following receipt of such further contribution;

(c) calculating and distributing the mortgages trust available revenue receipts and the mortgages trust available principal receipts to the funding companies and the seller in accordance with the terms of the mortgages trust deed;

(d) to assist the issuer cash manager and the servicer in the preparation of their respective monthly reports which will include information on the loans and payments in arrears; and

(e) investing amounts standing to the credit of the mortgages trustee GIC account, the mortgages trustee transaction account or any other mortgages trustee bank account in authorised investments (provided that the cash manager will not invest in authorised investments which would cause any outstanding notes which are intended to be eligible marketable assets for Eurosystem purposes in accordance with the Guidelines (EU) 2015/510 of the European Central Bank of 19 December 2014 on the implementation of the Eurosystem monetary policy framework (ECB/2014/60) to fail to be eligible marketable assets for such purpose).

Cash management services provided to Funding 1 and, following enforcement of the Funding 1 security, the Funding 1 security trustee

The cash manager's duties in relation to Funding 1 and, following enforcement of the Funding 1 security, the Funding 1 security trustee include but are not limited to:

(a) four London business days before each Funding 1 payment date (the **Funding 1 calculation date**), determining:

- the amount of Funding 1 available revenue receipts to be applied to pay or provide for interest and fees in relation to the term advances under the intercompany loan agreement on the following Funding 1 payment date and all amounts to be credited to the term advance ledgers (including the non-monthly term advance revenue ledger and the non-monthly term advance principal ledger for each non-monthly term advance) on such Funding 1 payment date;

- the amount of Funding 1 available principal receipts to be applied to repay or provide for the repayment of the term advances under the intercompany loan agreement on the following Funding 1 payment date;

- the amount of any Funding 1 revenue deficit amount; and

- the Funding 1 anticipated cash accumulation period;

(b) if required, making drawings under the Funding 1 liquidity reserve fund on behalf of Funding 1;

(c) maintaining the following ledgers on behalf of Funding 1:

- the Funding 1 principal ledger, which records the amount of Funding 1 principal receipts received by Funding 1 on each distribution date;

- the Funding 1 revenue ledger, which records all other amounts received by Funding 1 on each distribution date;

- the general reserve ledger, which records the amount credited to the general reserve fund from a portion of the proceeds of: (i) the start-up loan on the initial closing date and each subsequent start-up loan (if any) advanced on any subsequent closing date;

(ii) other amounts standing to the credit of the general reserve fund (but not exceeding the Funding 1 reserve fund required amount); and (iii) all deposits and other credits in respect of the general reserve fund;

- the principal deficiency ledger (and any sub-ledgers thereof), which records principal deficiencies arising from losses on the loans which have been allocated to the Funding 1 share or the use of Funding 1's principal receipts to cover any Funding 1 revenue deficit amount and principal amounts unable to be withdrawn from the Funding 1 collateralised GIC account;

- the intercompany loan ledger, which records payments of interest and repayments of principal made on each of the term advances under the intercompany loan agreement;

- the cash accumulation ledger, which records the amount reserved by Funding 1 from time to time to pay the amounts due on the bullet term advances and the scheduled amortisation instalments;

- the Funding 1 liquidity reserve ledger, which will record the amounts credited to the Funding 1 liquidity reserve fund from Funding 1 available revenue receipts and from Funding 1 available principal receipts up to the Funding 1 liquidity reserve fund required amount and drawings made under the Funding 1 liquidity reserve fund;

- a non-monthly term advance revenue ledger for each non-monthly term advance, which will record the amount of interest (and, if applicable, step-up amount) allocated in respect of each such non-monthly term advance on each Funding 1 payment date;

- a non-monthly term advance principal ledger for each non-monthly pass-through term advance, which will record the amount of principal (if any) to be allocated in respect of each such non-monthly pass-through term advance on each Funding 1 payment date; and

- if an agent account bank is appointed and accedes to the Funding 1 bank account agreement, an eligible bank ledger which will record amounts deposited by the agent account bank with eligible banks pursuant to instructions from the cash manager.

(d) arranging for the payment of all sums (including costs and expenses) required or permitted to be paid by Funding 1 under any of the transaction documents;

(e) investing sums standing to the credit of the Funding 1 bank accounts in authorised investments as determined by Funding 1, the cash manager and the Funding 1 security trustee (provided that the cash manager will not invest in authorised investments which would cause any outstanding notes which are intended to be eligible marketable assets for Eurosystem purposes in accordance with the Guidelines (EU) 2015/510 of the European Central Bank of 19 December 2014 on the implementation of the Eurosystem monetary policy framework (ECB/2014/60) to fail to be eligible marketable assets for such purpose);

(f) making withdrawals from the general reserve fund as and when required;

(g) applying Funding 1 available revenue receipts and Funding 1 available principal receipts in accordance with the relevant order of priority of payments for Funding 1 contained in the Funding 1 deed of charge;

(h) if an agent account bank is appointed under the Funding 1 bank account agreement, providing instructions to the agent account bank to deposit all or part of the amounts

standing to the credit of the Funding 1 eligible bank account from time to time with eligible banks in accordance with the panel bank guidelines or to transfer all or part of such amounts to the Funding 1 GIC account;

(i) making all returns and filings in relation to Funding 1 and providing or procuring the provision of company secretarial and administration services to Funding 1 pursuant to the relevant corporate services agreement.

(j) on behalf of the Funding 1 and the issuer, perform any portfolio reconciliation risk mitigation techniques as may be required in accordance with the requirements of article 11(1) of UK EMIR and/or EU EMIR, as applicable, or procure the performance of such portfolio reconciliation risk mitigation techniques;

(k) on behalf of the Funding 1 and the issuer, carry out the reporting requirements set out in article 9 of UK EMIR and/or EU EMIR, as applicable in relation to any swap entered into by Funding 1 or the issuer, as applicable, and any ancillary activities to such reporting requirements (provided that the cash manager will be permitted to delegate all or any part of any such reporting requirements to the counterparty to such swap transaction) or procure the carrying out of such reporting requirements and any ancillary activities;

(l) on behalf of Funding 1 and the issuer, perform any dispute resolution risk mitigation techniques as may be required in accordance with the requirements of article 11(1) of UK EMIR and/or EU EMIR, as applicable and the terms of the relevant swap transaction or procure the performance of such dispute resolution risk mitigation techniques;

(m) on behalf of the Funding 1 and the issuer (a) monitor whether Funding 1 or the issuer, as applicable, is (i) a non-financial counterparty and (ii) subject to a clearing obligation pursuant to UK EMIR and/or EU EMIR, as applicable, in respect of any swap transaction (or procure such monitoring) and (b) make any notifications that are required to be made if Funding 1 or the issuer, as applicable, is no longer a non-financial counterparty or becomes subject to a clearing obligation under UK EMIR and/or EU EMIR, as applicable (or procure such notifications are made);

(n) on behalf of the issuer and Funding 1, if the issuer or Funding 1 is a "reporting financial institution" as that term is defined in any regulations made under section 222 of the Finance Act 2013 (the **UK FATCA Regulations**), carry out all such activities as are reasonably required in order for the issuer or Funding 1, as applicable to comply with any requirements applicable to it from time to time under the UK FATCA Regulations, including, without limitation, any identification, due diligence and/or reporting obligations, and any ancillary activities; and

(o) on behalf of the issuer and the seller, act as the designated reporting entity for the purposes of complying with any applicable requirements of Article 8b of the UK CRA Regulation in respect of the notes.

The cash manager will perform the same or similar duties with respect to any further funding company.

Term NR GIC collateral advances and other collateral posting

The cash manager will, if it is depositing Funding 1 deposit non-reserved amounts into the Funding 1 collateralised GIC account or if it is depositing amounts into the mortgage trustee GIC account where Nationwide is the mortgages trustee account bank maintaining the mortgages trustee GIC account and Nationwide is not rated the mortgages trustee account bank required ratings, from time to time and at

Nationwide's instruction, designate a Funding 1 designated term NR GIC collateral advance amount, Funding 1 designated collateral amount, mortgages trustee designated term NR GIC collateral advance amount or a mortgages trustee designated collateral amount, as applicable.

If the cash manager designates a Funding 1 designated term NR GIC collateral advance amount or a mortgages trustee designated term NR GIC collateral advance amount in an amount greater than zero, then the cash manager will request term NR GIC collateral advances under the intercompany loan agreement and ensure that the aggregate outstanding amount of the term NR GIC collateral advances is at all times at least equal to (x) the sum of the Funding 1 designated term NR GIC collateral advance amount and the mortgages trustee designated term NR GIC collateral advance amount divided by (y) 1 minus 16.69 per cent. (or such other percentage specified in the most recent final terms) **(mortgage collateral required credit enhancement (or required mortgage collateral amount)**).

If the cash manager designates a Funding 1 designated collateral amount or a mortgages trustee designated collateral amount greater than zero, the mortgages trustee or Funding 1, as applicable, and Nationwide as the entity at which the mortgages trustee GIC account or the Funding 1 collateralised GIC account, as applicable, is maintained will enter into a collateral agreement pursuant to which eligible collateral will be posted in the GIC collateral custody account.

Any principal or revenue amounts or amounts of interest accrued in respect of amounts standing to the credit of the Funding 1 collateralised GIC account or the mortgages trustee GIC account which cannot be withdrawn from the Funding 1 collateralised GIC account or the mortgages trustee GIC account (as applicable) (including, without limitation, in the event of a moratorium on insolvency, bank insolvency, administration or bank administration of Nationwide or it being unable to pay these amounts) will be debited to the principal ledger, the revenue ledger, the Funding 1 principal ledger or, as applicable, the Funding 1 revenue ledger provided that any such amounts subsequently recovered, whether through the realisation of eligible collateral or through revenue receipts, will then be credited to the relevant ledger.

Furthermore, any principal amounts standing to the credit of the Funding 1 collateralised GIC account which cannot be withdrawn from such account as described above, will be debited to the Funding 1 principal deficiency ledger in an amount equal to the sum of (x) any shortfall between the relevant Funding 1 designated collateral amount and the amount received upon realisation of the Funding 1 custody collateral, and (y) the relevant Funding 1 designated term NR GIC collateral advance amount (provided, that any such amounts subsequently recovered will be credited to the Funding 1 principal deficiency ledger, provided there are sufficient Funding 1 available revenue receipts available for that purpose).

Compensation of cash manager

The cash manager is paid a fee equal to 0.01% per annum of the sterling equivalent of the aggregate principal amount outstanding of the notes (inclusive of VAT, if any) for its services payable on each distribution date. The fee is capped at £100,000 per year (inclusive of VAT, if any). The rate is inclusive of any amounts in respect of VAT.

In addition, the cash manager is entitled to be reimbursed for any expenses or other amounts properly incurred by it in carrying out its duties. Prior to the service of an intercompany loan acceleration notice, the cash manager is paid by the mortgages trustee, on behalf of the funding companies and the seller, proportionately in accordance with and subject to the terms of the mortgages trust deed and the mortgages trust revenue priority of payments.

Resignation of cash manager

The cash manager may resign only on giving 12 months' written notice to the Funding 1 security trustee, the funding companies and the mortgages trustee and provided:

- a substitute cash manager has been appointed and a new cash management agreement is entered into on terms satisfactory to the Funding 1 security trustee, the mortgages trustee and the funding companies; and

- the then current ratings of any rated notes would not be downgraded, withdrawn or qualified as a result of that replacement (unless the relevant classes of noteholders otherwise agree by an extraordinary resolution).

Termination of appointment of cash manager

The funding companies and/or the seller (in each case in its capacity as beneficiary, but in the case of the seller only with the prior written consent of the Funding 1 security trustee) and the Funding 1 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 seven London business days after the earlier of becoming aware of the default and receipt of written notice from the funding companies, the mortgages trustee and the Funding 1 security trustee requiring the default to be remedied;

- the cash manager fails to comply with any of its other obligations under the cash management agreement which in the opinion of the Funding 1 security trustee is materially prejudicial to the Funding 1 secured creditors or which in the opinion of the funding security trustee with respect to each further funding company's secured creditors is materially prejudicial to such secured creditors or such further funding company and does not remedy that failure within 20 London business days after the earlier of becoming aware of the failure and receiving a written notice from the Funding 1 security trustee or, as the case may be, the funding security trustee with respect to a further funding company requiring the cash manager's non-compliance to be remedied; or

- the cash manager suffers an insolvency event.

Upon termination of the appointment of the cash manager, the funding companies and/or the seller (in each case in its capacity as a beneficiary, but in the case of the seller only with the prior written consent of the Funding 1 security trustee) will agree to use their reasonable endeavours to appoint a substitute cash manager. Any such substitute cash manager will be required to enter into a cash management agreement on substantially the same terms as the provisions of the cash management agreement and the appointment of such substitute cash manager and all other documentation is conditional upon (a) S&P having previously confirmed in writing to the mortgages trustee, the funding companies and the Funding 1 security trustee that the then current ratings of any rated notes will not be downgraded, withdrawn or qualified, as a result of the appointment (provided that such confirmation from S&P shall not be required to the extent such rating agency does not maintain a rating of any notes which are outstanding) and (b) advance notice in writing of such appointment has been provided to Moody's and Fitch and there being no reduction, qualification or withdrawal by Moody's or Fitch of the then current ratings of the rated notes as a consequence thereof (unless the relevant classes of noteholders otherwise agree by an extraordinary resolution).

If the appointment of the cash manager is terminated or it resigns, the cash manager must deliver its books of account (and any other information reasonably requested by the Funding 1 security trustee) relating to the loans and/or any monies held on behalf of the mortgages trustee, the funding companies or the Funding 1 security trustee to or at the direction of the mortgages trustee, the funding companies or the Funding 1 security trustee, as the case may be. The cash management agreement will terminate automatically when the funding companies have no further interest in the trust property and each term advance and the debt of each funding company has been repaid or otherwise discharged.

Back-up cash manager

If the cash manager ceases to have a long-term unsecured, unguaranteed and unsubordinated debt obligation rating of at least Baa3 by Moody's, it will use reasonable efforts to appoint a back-up cash manager satisfactory to the mortgages trustee, the beneficiaries and the Funding 1 security trustee (and failing the cash manager's ability to find a back-up cash manager, the Funding 1 security trustee will be entitled to appoint such back-up cash manager).

Governing law

The cash management agreement and any non-contractual obligations arising out of or in connection with it are governed by English law.

Issuer Cash Management Agreement

The issuer cash manager was appointed on or about the programme closing date by the issuer and the issuer security trustee to provide cash management services to the issuer pursuant to the issuer cash management agreement.

Cash management services to be provided to the issuer and, following enforcement of the issuer security, the issuer security trustee

The issuer cash manager's duties include but are not limited to:

(a) on each issuer calculation date, determining:

- the amount of issuer revenue receipts to be applied to pay interest on the notes on the following interest payment date for each series or class (or sub-class) of notes and to pay amounts due to other creditors of the issuer;
- the amount of issuer principal receipts to be applied to repay the notes on the following interest payment date for each series or class (or sub-class) of notes; and
- such other amounts as are expressed to be calculations and determinations made by the issuer cash manager in accordance with the conditions of the notes;

(b) applying issuer revenue receipts and issuer principal receipts in accordance with the order of priority of payments for the issuer set out in the issuer cash management agreement or, as applicable, the issuer deed of charge;

(c) providing the issuer, Funding 1, the issuer security trustee and the rating agencies with monthly reports in relation to the issuer and assisting the servicer in the preparation of its monthly investor reports;

(d) making all returns and filings required to be made by the issuer and providing or procuring the provision of company secretarial and administration services to the issuer pursuant to the issuer corporate services agreement;

(e) arranging payment of all fees to the London Stock Exchange or, as applicable, the FCA;

(f) if necessary, performing all currency and interest rate conversions (whether it be a conversion from sterling to another currency 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;

(g) investing amounts standing to the credit of the issuer transaction account in authorised investments (provided that the issuer cash manager will not invest in authorised investments which would cause any outstanding notes which are intended to be eligible marketable assets for Eurosystem purposes in accordance with the Guidelines (EU) 2015/510 of the European Central Bank of 19 December 2014 on the implementation of the Eurosystem monetary policy framework (ECB/2014/60) to fail to be eligible marketable assets for such purpose);

(h) procuring that any increase amount received in respect of the subscription of additional amounts in respect of the class Z GIC collateral notes are advanced as a further advance to Funding 1 in respect of the term NR GIC collateral advance; and

(i) procuring that any increase amount received in respect of the subscription of additional amounts in respect of any class Z variable funding notes are advanced as a further advance to Funding 1 in respect of the corresponding term NR VFN advance; and

(j) informing the registrar of each increase amount.

Compensation of issuer cash manager

The issuer cash manager is paid a fee equal to 0.01% per annum of the sterling equivalent of the principal amount outstanding of the notes for its services which is paid on each distribution date. The fee is capped at £100,000 per year. The rate is inclusive of any amounts in respect of VAT.

In addition, the issuer cash manager is entitled to be reimbursed for any expenses or other amounts properly incurred by it in carrying out its duties. The issuer cash manager is paid by the issuer in priority to amounts due on the notes.

Resignation of issuer cash manager

The issuer cash manager may resign only on giving 12 months' written notice to the issuer security trustee and the issuer and provided the following conditions are met:

- a substitute issuer cash manager has been appointed and a new issuer cash management agreement is entered into on terms satisfactory to the issuer security trustee and the issuer; and

- the ratings of the rated notes at that time outstanding would not be downgraded, withdrawn or qualified as a result of that replacement.

Termination of appointment of issuer cash manager

The issuer or the issuer security trustee may, upon written notice to the issuer cash manager, terminate the issuer cash manager's rights and obligations immediately if any of the following events occurs:

- the issuer cash manager defaults in the payment of any amount due and fails to remedy the default for a period of seven London business days after becoming aware of the default;

- the issuer cash manager fails to comply with any of its other obligations under the issuer cash management agreement which in the opinion of the issuer security trustee is materially prejudicial to the issuer secured creditors and does not remedy that failure within 20 London business days after the earlier of becoming aware of the failure and receiving a written notice from the issuer security trustee requiring the issuer cash manager's non-compliance to be remedied; or

- the issuer cash manager suffers an insolvency event.

Upon termination of the appointment of the issuer cash manager, the issuer will agree to use its reasonable endeavours to appoint a substitute issuer cash manager. Any such substitute issuer cash manager will be required to enter into an issuer cash management agreement on substantially the same terms as the provisions of the issuer cash management agreement and the appointment of such substitute issuer cash manager and all other documentation is conditional upon (a) S&P having previously confirmed in writing to the issuer and the issuer security trustee that the then current ratings of the rated notes of the issuer will not be downgraded, withdrawn or qualified (provided that such confirmation from S&P shall not be required to the extent such rating agency does not maintain a rating of any notes which are outstanding) and (b) advance notice in writing of such appointment has been provided to Moody's and Fitch and there being no reduction, qualification or withdrawal by Moody's or Fitch of the then current ratings of the rated notes as a consequence thereof.

If the appointment of the issuer cash manager is terminated or it resigns, the issuer cash manager must deliver its books of account relating to the notes to or at the direction of the issuer security trustee. The issuer cash management agreement will terminate automatically when the notes have been fully redeemed.

Governing law

The issuer cash management agreement is governed by English law.

THE BANK ACCOUNT AGREEMENTS

The following section contains a summary of the material terms of the various bank account agreements of the issuer, Funding 1 and the mortgages trustee.

Funding 1 bank account agreement

Pursuant to the terms of the Funding 1 bank account agreement entered into on the programme closing date between Funding 1, the Funding 1 account bank, the cash manager and the Funding 1 security trustee, Funding 1 has agreed to maintain, where necessary, the following accounts in England in its name with the Funding 1 account bank. These are:

(a) *the Funding 1 GIC account*: the general reserve fund is credited to this account and on each distribution date the Funding 1 share of the mortgages trust available revenue receipts, any distribution of Funding 1 principal receipts to Funding 1 under the mortgages trust and any balance remaining in the Funding 1 cash accumulation ledger, the non-monthly term advance revenue ledgers and the non-monthly term advance principal ledgers are initially deposited in this account. On any date upon which payment is due, amounts required to meet Funding 1's obligations to its various creditors (including the issuer) are transferred to the Funding 1 transaction account;

(b) *the Funding 1 collateralised GIC account*: if Nationwide, as the entity which maintains the Funding 1 GIC account is rated below the Funding 1 account bank required ratings, it may deposit Funding 1 deposit non-reserved amounts into the Funding 1 collateralised GIC account provided it provides sufficient collateral by (i) entering into an eligible custody arrangement and posting collateral pursuant to the Funding 1 collateral agreement and the cash management agreement or (ii) increasing subordination by making a drawing on the class Z GIC collateral notes. On any date upon which payment is due, amounts required to meet Funding 1's obligations to its various creditors (including the issuer) are transferred to the Funding 1 transaction account;

(c) *the Funding 1 eligible bank GIC account*: if Funding instructs the Cash Manager at any time to open the Funding 1 eligible bank GIC account with the agent account bank, on each distribution date, the Funding 1 share of the mortgages trust available revenue receipts, any distribution of Funding 1 principal receipts to Funding 1 under the mortgages trust and any balance remaining in the Funding 1 cash accumulation ledger, the non-monthly term advance revenue ledgers and the non-monthly term advance principal ledgers may initially be deposited in this account pursuant to the terms of the Funding 1 bank account agreement and the panel bank guidelines. On any date upon which payment is due, amounts required to meet Funding 1's obligations to its various creditors (including the issuer) are transferred to the Funding 1 transaction account;

(d) *the Funding 1 transaction account*: on each Funding 1 payment date, monies standing to the credit of the Funding 1 GIC account, the Funding 1 collateralised GIC account and the Funding 1 eligible bank GIC account, as the case may be, are, with the consent of the Funding 1 security trustee, transferred to the Funding 1 transaction account and applied by the cash manager in accordance with the relevant order for priority of payments of Funding 1. Amounts representing Funding 1's profits are retained in the Funding 1 transaction account;

(e) *the Funding 1 swap collateral cash account*: which is credited with all cash collateral transferred by the Funding 1 swap provider and all other amounts attributable to assets transferred as collateral by the Funding 1 swap provider to the extent such collateral is required to be transferred in accordance with the Funding 1 swap agreement. Such

amounts will be segregated and held for the benefit of the Funding 1 swap provider; and

(f) *the Funding 1 GIC collateral custody account*: which is credited with all eligible collateral transferred by Nationwide, as the entity maintaining the Funding 1 collateralised GIC account and all other amounts attributable to assets transferred as collateral by Nationwide to the extent such collateral is required to be transferred in accordance with the Funding 1 collateral agreement. Such amounts will be segregated and held for the benefit of Funding 1.

If the Funding 1 account bank ceases to have any of the Funding 1 account bank required ratings then either:

- with not less than 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) prior written notice, the Funding 1 transaction account and the Funding 1 GIC account will be closed and all amounts standing to the credit thereof shall be transferred to accounts held with a financial institution: (i) that has the Funding 1 account bank required ratings; and (ii) which is an authorised person under the FSMA unless Fitch and Standard & Poor's confirm that the then current ratings of the rated notes then outstanding would not be downgraded, withdrawn or qualified (provided that for S&P, such confirmation shall not be required to the extent such rating agency does not maintain a rating of any notes which are outstanding); or

- the Funding 1 account bank will obtain a guarantee of its obligations under the Funding 1 bank account agreement from a financial institution that has the Funding 1 account bank required ratings unless, in either case, Fitch, Moody's and S&P confirm that the then current ratings of the rated notes then outstanding would not be downgraded, withdrawn or qualified (provided that for S&P, such confirmation shall not be required to the extent such rating agency does not maintain a rating of any notes which are outstanding); but

  where the Funding 1 account bank ceases to have the Funding 1 account bank required ratings relating to S&P and has failed to obtain a guarantee of its obligations (the **Funding 1 account bank S&P rating event**), the transfer (where required) to the replacement financial institution shall occur within the S&P remedy period, where S&P remedy period means the period from (but excluding) the date of the occurrence of the Funding 1 account bank S&P rating event to (and including) the later of: (A) the 60th calendar day following the date of the occurrence of the Funding 1 account bank S&P rating event and (B) if the cash manager or Funding 1 has, on or before the 60th calendar day following the date of the Funding 1 account bank S&P rating event, delivered to S&P a written proposal setting out the remedial action it is to take and S&P has notified the cash manager or Funding 1 that such proposal will result in the rating of the rated notes then outstanding being maintained at the level it was at immediately prior to the date of the Funding 1 account bank S&P rating event, the 90th calendar day following the date on which such Funding 1 account bank S&P rating event occurs.

Notwithstanding the foregoing, in the event that Nationwide in its capacity as the Funding 1 account bank ceases to have the Funding 1 account bank required ratings, it may continue to operate, and receive deposits of Funding 1 deposit non-reserved amounts into, the Funding 1 collateralised GIC account provided that (i) the Funding 1 account bank provides collateral against the amount standing to the credit of the Funding 1 collateralised GIC account in the form of (x) procuring that term NR GIC collateral advances are made by the issuer through increases on the class Z GIC collateral notes, and/or (y) by posting eligible collateral under the Funding 1 collateral agreement and (ii) the "Deposit Rating" or (when a Deposit Rating is not assigned or not applicable) "Issuer Default Ratings" of the Funding 1 account bank does not fall below BBB- by Fitch.

The rights, benefit and interest of Funding 1 in respect of the Funding 1 bank account agreement have been assigned by way of security to the Funding 1 security trustee under the Funding 1 deed of charge.

Under the terms of the Funding 1 bank account agreement, the Funding 1 account bank will agree to pay interest on the monies standing to the credit of the Funding 1 GIC account and the Funding 1 collateralised GIC account at a variable rate of interest of 0.15% per annum below the SONIA spot rate (determined as at the first day of each Funding 1 Interest Period).

Funding 1 may instruct the cash manager to open a Funding 1 eligible bank GIC account with an agent account bank provided that such agent account bank accedes to Funding 1 bank account agreement or enters into a bank account agreement on substantially similar terms to Funding 1 bank account agreement with Funding 1 with such amendments as are satisfactory to the cash manager and will not result in a downgrade, withdrawal or qualification of the then current ratings of the rated notes. Once the Funding 1 eligible bank GIC account is opened with the agent account bank, such agent account bank may enter into third party deposit provider agreements with eligible banks in accordance with the terms of the Funding 1 bank account agreement and the cash management agreement.

Mortgages trustee bank account agreement

Pursuant to the terms of the mortgages trustee bank account agreement entered into on the programme closing date between the mortgages trustee, the mortgages trustee account bank, the cash manager and the Funding 1 security trustee, the mortgages trustee has agreed to maintain, where necessary, the following accounts in England in its name with the mortgages trustee account bank. These are:

(a) *the mortgages trustee GIC account*: the mortgages trust available revenue receipts and mortgages trustee principal receipts are initially deposited in this account. On any date upon which payment is due, amounts required to meet the mortgages trustee's obligations to its various beneficiaries (including Funding 1) are transferred to the mortgages trustee transaction account;

(b) *the mortgages trustee transaction account*: on each distribution date, monies standing to the credit of the mortgages trustee GIC account are transferred to the mortgages trustee transaction account and applied in accordance with the priority of payment set out in the mortgages trust deed; and

(c) *the mortgages trustee GIC collateral custody account*: which is credited with all eligible collateral transferred by Nationwide, as the entity maintaining the mortgages trustee GIC account and all other amounts attributable to assets transferred as collateral by Nationwide to the extent such collateral is required to be transferred in accordance with the mortgages trustee collateral agreement. Such amounts will be segregated and held for the benefit of the mortgages trustee.

If the mortgages trustee account bank ceases to have any of the mortgages trustee account bank required ratings and the mortgages trustee fails to open a standby mortgages trustee GIC account with a standby mortgages trustee account bank (which is either a bank for purposes of section 991 of the Income Tax Act 2007 or a building society for the purposes of section 989 of the Income Tax Act 2007 and which (i) has entered into an agreement in form and substance similar to the mortgages trustee bank account agreement (subject to such amendments as are satisfactory to the cash manager having reasonably determined that such amendments will not result in a downgrade, qualification or withdrawal of the then current ratings of the rated notes); and (ii) has the mortgages trustee account bank required ratings unless, in either case, Fitch, Moody's and S&P confirm that the then current ratings of the rated notes then outstanding would not be downgraded, withdrawn or qualified) (provided that for S&P, such confirmation shall not be required to the extent such rating agency does not maintain a rating of any notes which are outstanding) then:

- with not less than 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) prior written notice, the mortgages trustee transaction account and the mortgages trustee GIC account will be closed and all amounts standing to the credit thereof shall be transferred to accounts held with a financial institution: (i) that has the mortgages trustee account bank required ratings; and (ii) which is an authorised person under the FSMA; but

  where the mortgages trustee account bank ceases to have the mortgages trustee account bank required ratings relating to S&P and has failed to obtain a guarantee of its obligations (the **mortgages trustee account bank S&P rating event**), the transfer (where required) to the replacement financial institution shall occur within the S&P remedy period, where S&P remedy period means the period from (but excluding) the date of the occurrence of the mortgages trustee account bank S&P rating event to (and including) the later of: (A) the 60th calendar day following the date of the occurrence of the mortgages trustee account bank S&P rating event and (B) if the cash manager or the mortgages trustee has, on or before the 60th calendar day following the date of the mortgages trustee account bank S&P rating event, delivered to S&P a written proposal setting out the remedial action it is to take and S&P has notified the cash manager or the mortgages trustee that such proposal will result in the rating of the rated notes then outstanding being maintained at the level it was at immediately prior to the date of the mortgages trustee account bank S&P rating event, the 90th calendar day following the date on which such mortgages trustee account bank S&P rating event occurs.

Notwithstanding the foregoing, in the event that Nationwide in its capacity as the mortgages trustee account bank ceases to have the mortgages trustee account bank required ratings but so long as it has opened and is maintaining a standby mortgages trustee GIC account, it may continue to operate, and receive deposits into, the mortgages trustee GIC account provided that (i) the mortgages trustee account bank provides collateral against the amount standing to the credit of the mortgages trustee GIC account in the form of (x) procuring that term NR GIC collateral advances are made by the issuer through increases on the class Z GIC collateral notes, and/or (y) by posting eligible collateral under the mortgages trustee collateral agreement and (ii) the "Deposit Rating" or (when a Deposit Rating is not assigned or not applicable) "Issuer Default Ratings" of the mortgages trustee account bank does not fall below BBB- by Fitch.

The **mortgages trustee account bank required ratings** means the "Issuer Default Ratings" of the mortgages trustee account bank shall be at least F1 short-term and the "Deposit Ratings" or (when a Deposit Rating is not assigned or not applicable) the "Issuer Default Ratings" and A long-term by Fitch and both the senior unsecured debt ratings and deposit ratings shall be at least P-1 short-term or A2 long-term, as applicable, by Moody's and the issuer credit ratings shall be at least A long-term by S&P respectively (provided that for S&P, such rating requirement shall not apply to the extent such rating agency does not maintain a rating of any notes which are outstanding).

Under the terms of the mortgages trustee bank account agreement, the mortgages trustee account bank will agree to pay interest on the monies standing to the credit of the mortgages trustee GIC account at a variable rate of interest of 0.15% per annum below the SONIA spot rate (determined as at the first day of each Funding 1 Interest Period).

Issuer bank account agreement

On the programme closing date, the issuer entered into the issuer bank account agreement with the issuer account bank, the issuer cash manager and the issuer security trustee on substantially the same terms (including the ratings criteria described above, except for its unguaranteed, unsubordinated and unsecured debt obligations which will be at least A3 long-term by Moody's) as those in the Funding 1 bank account agreement relating to the Funding 1 transaction account and the issuer transaction account. The rights, benefits and interests of the issuer pursuant to the issuer bank account agreement have been

assigned to the issuer security trustee under the issuer deed of charge. The issuer may, with the prior written consent of the issuer security trustee, open additional or replacement bank accounts.

Governing law

The bank account agreements are governed by English law.

THE START-UP LOAN AGREEMENT

This section contains a summary of the material terms of the start-up loan agreement.

General

On or about the initial closing date, Nationwide made available to Funding 1 the start-up loan under the start-up loan agreement. This is a subordinated loan facility available in several tranches in the amounts set out in the applicable final terms (or, in the case of exempt notes, the applicable pricing supplement) for the series of notes issued on such date, which has been and will be used (in whole or in part) for: (i) crediting the general reserve fund on each closing date by an amount specified in the applicable final terms (or, in the case of exempt notes, the applicable pricing supplement); (ii) meeting the costs and expenses incurred by Funding 1 in connection with its payment to the mortgages trustee in respect of the Funding 1 share in the trust property on the initial closing date; (iii) paying the fees under the intercompany loan agreement which related to the costs to the issuer of the issue of the notes (including any fees payable in connection with any notes which have been issued or re-offered at a discount to par); and (iv) funding any upfront payments due under the Funding 1 swap agreement. The initial start-up loan was made available to Funding 1 in three tranches. Nationwide agreed to be bound by any calculations and determinations made by the cash manager, the Funding 1 security trustee or the mortgages trustee, respectively. Additional start-up loan tranche supplements have been and may be entered into in connection with each issuance of notes after the initial closing date. On each future issuance of notes, Nationwide as the start up loan provider will enter into a start-up loan tranche supplement with Funding 1 with the terms set out below and in the applicable final terms (or, in the case of exempt notes, the applicable pricing supplement).

Interest on the start-up loan

Each start-up loan will bear interest at the variable rates of interest specified in the applicable final terms for the series of notes to which it relates (or, in the case of exempt notes, the applicable pricing supplement). Any interest which is not paid on its due date will be added to the principal amount owed on that start-up loan and will also bear interest. Interest is payable by Funding 1 on each Funding 1 payment date subject to and in accordance with the relevant Funding 1 priority of payments.

Repayment of the start-up loan

Funding 1 will repay each start-up loan, but only to the extent that it has Funding 1 available revenue receipts after making higher ranking payments in the relevant priorities of payments of Funding 1 (see further "**Security for Funding 1's obligations—Funding 1 pre-enforcement priority of payments**" and "**Security for Funding 1's obligations—Funding 1 post-enforcement priority of payments**"). Amounts due to the start-up loan provider are payable after amounts due on the term advances are repaid to the issuer. After Funding 1 has repaid the relevant start-up loan, it will have no further recourse to the start-up loan provider.

Event of default

It will be an event of default under the start-up loan agreement if Funding 1 has sufficient Funding 1 available revenue receipts to pay amounts due to the start-up loan provider, and it does not pay them.

The occurrence of an event of default under the start-up loan agreement may constitute an intercompany loan event of default as set out in "**The intercompany loan agreement—Funding 1 intercompany loan events of default**".

Acceleration

If an intercompany loan acceleration notice is served upon Funding 1 under the intercompany loan agreement, then each start-up loan will become immediately due and payable and amounts outstanding on each start-up loan will be paid in accordance with the relevant Funding 1 priority of payments.

Second start-up loan agreement

A second start-up loan agreement was entered into on 13 September 2011 to allow Funding 1 to pay the restructuring fees on or about the date of that agreement. The loan under the second-start up loan agreement was repaid during 2015 and no further drawings are permitted under that agreement.

Governing law

The start-up loan agreement and any non-contractual obligations arising out of or in connection with it are governed by English law.

SECURITY FOR FUNDING 1'S OBLIGATIONS

The following section contains a summary of the material terms of the Funding 1 deed of charge.

Security for Funding 1's obligations

Funding 1 has granted security in favour of the Funding 1 security trustee (on behalf of the Funding 1 secured creditors) for its obligations under the intercompany loan agreement and the other transaction documents to which it is a party by entering into the Funding 1 deed of charge with the Funding 1 secured creditors on or around the programme closing date. A summary of the material terms of the Funding 1 deed of charge is set out below.

The Funding 1 deed of charge has seven primary functions:

- it sets out the covenants of Funding 1;
- it creates security interests in favour of the Funding 1 security trustee which the Funding 1 security trustee then holds on trust for each of the Funding 1 secured creditors (including secured creditors that accede to the Funding 1 deed of charge in connection with future term advances or new intercompany loans from new issuers);
- it sets out the order in which the cash manager applies money received by Funding 1 prior to enforcement of the security;
- it sets out the enforcement procedures relating to a default by Funding 1 on its covenants under the transaction documents (including provisions relating to the appointment of a receiver);
- it sets out the order in which the Funding 1 security trustee (or the cash manager acting on the instructions of the Funding 1 security trustee) applies money received by Funding 1 after the service of an intercompany loan acceleration notice on Funding 1;
- it sets out the appointment of the Funding 1 security trustee, its powers and responsibilities and the limitations on those responsibilities; and
- it sets out how new creditors of Funding 1 can accede to the terms of the Funding 1 deed of charge.

Covenants of Funding 1

- The Funding 1 deed of charge contains covenants made by Funding 1 in favour of the Funding 1 security trustee for itself and the benefit of which it will hold on trust for the benefit of itself, any receiver of Funding 1 and the Funding 1 secured creditors. The main covenants are that Funding 1 will pay all amounts due to each of the Funding 1 secured creditors as they become due (subject to limited recourse provisions) and that it will comply with its other obligations under the transaction documents.

Funding 1 security

Under the Funding 1 deed of charge, Funding 1 has created the following security interests in favour of the Funding 1 security trustee for itself and to hold on trust for the benefit of the other Funding 1 secured creditors (the **Funding 1 security**) in respect of its obligations under the intercompany loan agreement and the other transaction documents to which it is a party:

- an assignment by way of first fixed security (which may take effect as a floating charge) of the Funding 1 share of the trust property;

- an assignment by way of first fixed security (which may take effect as a floating charge) of all of its right, benefit and interest in the transaction documents to which Funding 1 is a party from time to time;

- a first ranking fixed charge (which may take effect as a floating charge) over all of the right, title, interest and benefit of Funding 1 in the Funding 1 bank accounts, all amounts standing to the credit of those accounts from time to time and all authorised investments purchased from those accounts including all monies and income payable under them; and

- a first floating charge over all of the property, assets and undertaking of Funding 1 not otherwise secured by any fixed security interest detailed above (but extending over all of Funding 1's property, assets and undertaking situated in Northern Ireland or governed by Northern Irish law, or situated in Scotland or the rights to which are governed by Scots law, all of which are charged by way of floating charge).

Nature of security – fixed charge

Whether a fixed security interest expressed to be created by the Funding 1 deed of charge will be upheld under English law and Northern Irish law as being a fixed security interest rather than floating security will depend, among other things, on whether the Funding 1 security trustee has the requisite degree of control over Funding 1's ability to deal in the relevant assets and the proceeds thereof and, if so, whether such control is exercised by the Funding 1 security trustee in practice. However, it is likely that the Funding 1 security trustee will not exert sufficient control over the accounts of Funding 1 for the charges over those accounts to take effect as fixed charges. In addition, any assignment, charge or security granted over an asset which is expressed to be a fixed charge may be characterised as a floating charge if the proceeds thereof are paid into a bank account over which the Funding 1 security trustee is not deemed to have sufficient control. Such is likely to be the case in this transaction. Under Scots law there is no equivalent concept of fixed charges taking effect as floating charges.

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 1 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 1's business. Any of Funding 1's assets acquired after the programme closing date (including assets acquired as a result of the disposition of any other asset of Funding 1), which are not subject to the fixed charges mentioned in this section (including all of Funding 1's Scottish assets) will be subject to the floating charge.

The existence of the floating charge will allow the Funding 1 security trustee to appoint an administrative receiver of Funding 1 as long as the capital markets exemption is available. The main advantage of the Funding 1 security trustee being able to appoint an administrative receiver is that a person entitled to appoint an administrative receiver can prevent the appointment of an administrator or receiver of Funding 1 by one of Funding 1's other creditors which allows the Funding 1 security trustee to control proceedings in the event that one of Funding 1's other creditors seek such action. However, see "**Risk Factors—Changes of law may adversely affect your interests**" relating to the appointment of administrative receivers.

The interest of the Funding 1 secured creditors in property and assets over which there is only a floating charge will rank behind the expenses of any liquidation or any administration, and the claims of certain 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 1 security. This means that the expenses of any liquidation or any administration and preferential creditors will be paid out of the

proceeds of enforcement of the floating charge ahead of amounts due to the issuer under the intercompany loan agreement. Section 250 of the Enterprise Act and Article 6 of the Insolvency (Northern Ireland) Order 2005 abolishes crown preference in relation to all insolvencies (and thus reduces the categories of preferential debts that are to be paid in priority to the debts due to the holder of a floating charge). For a description of the nature of floating charges created after 15 September 2003, in particular the ranking of creditors see "**Security for the issuer's obligations—Nature of security – floating charge**".

The floating charge created by the Funding 1 deed of charge may "crystallise" and become a fixed charge over the relevant class of assets owned by Funding 1 at the time of crystallisation. Except in relation to Funding 1's Scottish assets, crystallisation will occur automatically following the occurrence of specific events set out in the Funding 1 deed of charge, including, among other events, the service on Funding 1 of an intercompany loan acceleration notice following an intercompany loan event of default. In relation to Funding 1's Scottish assets, crystallisation will only occur on the appointment of an administrative receiver or on the commencement of the winding-up of Funding 1. A crystallised floating charge will rank ahead of the claims of unsecured creditors, which are in excess of the prescribed part set aside to satisfy claims of unsecured creditors pursuant to section 176A of the Insolvency Act but will continue to rank behind the expenses of any liquidation or any administration and the claims of preferential creditors (as referred to in this section) and the beneficiaries of the 'prescribed part' on enforcement of the Funding 1 security.

Funding 1 pre-enforcement priority of payments

The Funding 1 deed of charge sets out the priority of distribution prior to the service of an intercompany loan acceleration notice on Funding 1, of Funding 1 available principal receipts and Funding 1 available revenue receipts. This priority is described in "**Cashflows—Distribution of Funding 1 available revenue receipts before intercompany loan acceleration**" and **"Cashflows—Distribution of Funding 1 available principal receipts**".

Enforcement

The Funding 1 deed of charge sets out the general procedures by which the Funding 1 security trustee may enforce the security created by Funding 1 so that the Funding 1 security trustee can protect the interests of each of the Funding 1 secured creditors, including the power to appoint a receiver to realise the Funding 1 security.

The Funding 1 deed of charge provides that, when exercising its powers, trusts, authorities, duties and discretions, the Funding 1 security trustee shall act only at the request or direction of the issuer security trustee. The Funding 1 security trustee will only act if it is indemnified and/or secured to its satisfaction.

The Funding 1 security will become enforceable upon the service of an intercompany loan acceleration notice under the intercompany loan agreement, provided that, if the Funding 1 security has become enforceable otherwise than by reason of a default in payment of any amount due in respect of the term AAA advances, the Funding 1 security trustee will not be entitled to dispose of all or part of the assets comprised in the Funding 1 security unless either:

- a sufficient amount would be realised to allow a full and immediate discharge of all amounts owing in respect of all term AAA advances and all prior ranking amounts due by Funding 1; or

- the Funding 1 security trustee is of the sole opinion that the cashflow expected to be received by Funding 1 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 1, to discharge in full over time all amounts owing in respect of all term AAA advances and all prior ranking amounts due by Funding 1.

Each of the Funding 1 secured creditors has agreed under the Funding 1 deed of charge that they will not take steps directly against Funding 1 for any amounts owing to them, unless the Funding 1 security trustee has become bound to enforce the Funding 1 security but has failed to do so within a reasonable period of becoming so bound and such failure is continuing.

Funding 1 post-enforcement priority of payments

The Funding 1 deed of charge sets out the priority of distribution by the Funding 1 security trustee, following service of an intercompany loan acceleration notice, of amounts received or recovered by the Funding 1 security trustee or a receiver appointed on its behalf. This priority is described in "**Cashflows—Distribution of Funding 1 principal receipts and Funding 1 revenue receipts following intercompany loan acceleration**".

New issuers

If any new issuers are established to issue new notes and accordingly to make advances to Funding 1, such new issuers and other applicable creditors of Funding 1 will enter into deeds of accession or supplemental deeds in relation to the Funding 1 deed of charge which may, depending on the type of new notes to be issued, require amendments, amongst other things, to any of the Funding 1 pre-enforcement revenue priority of payments, the Funding 1 pre-enforcement principal priority of payments and the Funding 1 post-enforcement priority of payments. Any such new issuers which accede to the Funding 1 deed of charge will share in the security granted by Funding 1. Consent of existing Funding 1 secured creditors and issuer secured creditors will not be sought in relation to the accession of a new issuer or other relevant new secured creditor of Funding 1.

Appointment, powers, responsibilities and liabilities of the Funding 1 security trustee

The Funding 1 security trustee is appointed to act as trustee on behalf of the Funding 1 secured creditors on the terms and conditions of the Funding 1 deed of charge. It holds the benefit of the security created by the Funding 1 deed of charge on trust for each of the Funding 1 secured creditors in accordance with the terms and conditions of the Funding 1 deed of charge.

Pursuant to the terms of the note trust deed, the issuer deed of charge and the Funding 1 deed of charge, the note trustee may, without the consent or sanction of the noteholders at any time and from time to time, direct the issuer security trustee to direct the Funding 1 security trustee to concur with Funding 1 or any other person in making any modification (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:

- the note trustee is of the sole opinion that such modification will not be materially prejudicial to the interests of the holders of any series and class (or sub-class) of notes; or

- the note trustee is of the sole opinion that such modification is of a formal, minor or technical nature or is necessary to correct a manifest error.

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 S&P has confirmed that the then current rating by it of the rated notes would not be adversely affected by such exercise (and advance notice in writing of such exercise has been provided to Moody's and Fitch and there being no reduction, qualification or withdrawal by Moody's or Fitch of the then current ratings of the rated notes as a consequence thereof) (provided that such confirmation from S&P shall not be required to the extent such rating agency does not maintain a rating of any notes which are outstanding) other than in respect of a modification, waiver, determination or authorisation that relates to an amendment of a maturity purchase deed or Condition 5.8.

In addition, the Funding 1 security trustee will give its consent to any modifications to, *inter alia*, the mortgage sale agreement, the servicing agreement, the cash management agreement, the Funding 1 deed of charge, the Funding 1 swap agreement, the intercompany loan agreement, the bank account agreements and the master definitions and construction schedule, that are requested by Funding 1 or the cash manager, provided that Funding 1 or the cash manager certifies to the Funding 1 security trustee that such modifications are required in order to accommodate:

(a) notes to be issued and/or term advances to be made available by the issuer to Funding 1 under the intercompany loan agreement;

(b) the entry by Funding 1 into new intercompany loan agreements, the issue of new notes by new issuers;

(c) the addition of new Funding 1 secured creditors to the transaction documents;

(d) the assignment of new loan types or their related security to the mortgages trustee;

(e) the inclusion of a new beneficiary as a beneficiary of the mortgages trust;

(f) changes to the Funding 1 general reserve fund threshold, the Funding 1 liquidity reserve fund required amount and/or the manner in which the general reserve fund or the Funding 1 liquidity reserve fund is funded;

(g) different interest payment dates and/or interest periods for any notes to be issued by the issuer (including modification of the interest payment dates and/or interest periods and/or the basis or the calculation of interest in respect of any outstanding notes and/or the Funding 1 payment dates and/or the Funding 1 interest periods and/or the basis for the calculation of interest in respect of any outstanding term advances under the intercompany loan agreement);

(h) changes to be made to the definitions of asset trigger event and non-asset trigger event;

(i) the entry by Funding 1 into a Funding 1 account bank agreement with an agent account bank and the corresponding opening of Funding 1 eligible bank GIC accounts;

(j) the entry by Funding 1 or the mortgages trustee, as applicable, into collateral agreements and eligible custody arrangements and the corresponding opening of GIC collateral custody accounts, and the entry by the mortgages trustee into a mortgages trustee account bank agreement and the corresponding opening of a standby mortgages trustee GIC account; and

(k) the entry into any back-up servicing arrangements or back-up cash manager arrangements pursuant to the servicing agreement or the cash management agreement, as applicable;

and provided further that:

- the conditions precedent to the sale of loans to the mortgages trustee have been satisfied, including that the conditions precedent to (i) the notes being issued by the issuer and/or term advances being made available to Funding 1; (ii) the new notes being issued by new issuers directly and/or new intercompany loan agreements being entered into by Funding 1; (iii) the sale and assignment of new loans and their related security to the mortgages trustee; and (iv) the inclusion of a new beneficiary of the mortgages trust, if applicable, have been satisfied; and

- (1) the Funding 1 security trustee has received written confirmation from S&P that the relevant modifications will not adversely affect the then current ratings of such notes (and advance notice in writing of such modifications has been provided to Moody's and Fitch and there being no reduction, qualification or withdrawal by Moody's or Fitch of the then current ratings of the rated notes as a consequence thereof) (provided that such confirmation from S&P shall not be required to the extent such rating agency does not maintain a rating of any notes which are outstanding), and (2) the Funding 1 security trustee is not obliged to give its consent where, in the opinion of the Funding 1 security trustee, to do so would result in the imposition of an increase in its obligations or duties, or decrease in its rights or protections.

For purposes of Article 21(4)(d) of the UK Securitisation Regulation, no provision of the Funding 1 deed of charge requires automatic liquidation of the Funding 1 security upon default of the issuer.

Funding 1 security trustee's fees and expenses

Funding 1 shall reimburse the Funding 1 security trustee for all its costs and expenses properly incurred in acting as Funding 1 security trustee. The Funding 1 security trustee shall be entitled to a fee payable quarterly in the amount agreed from time to time by the Funding 1 security trustee and Funding 1. Funding 1 has agreed to indemnify the Funding 1 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 Funding 1 security trustee's engagement as Funding 1 security trustee,

which it or any of its officers, employees or advisers may suffer as a result of Funding 1 failing to perform any of its obligations.

Funding 1 will not be responsible under the Funding 1 deed of charge for any liabilities, losses, damages, costs or expenses resulting from wilful misconduct, fraud or wilful default by the Funding 1 security trustee or any of its officers, employees or advisers.

Retirement and removal

Subject to the appointment of a successor Funding 1 security trustee, the Funding 1 security trustee may retire after giving three months' notice in writing to Funding 1. In order to be eligible to act as Funding 1 security trustee, such successor Funding 1 security trustee must agree to be bound by the terms of the Funding 1 deed of charge and must meet the applicable eligibility requirements under the Funding 1 deed of charge. If within 60 days of having given notice of its intention to retire, Funding 1 has failed to appoint a replacement Funding 1 security trustee, the outgoing Funding 1 security trustee will be entitled to appoint its successor (provided that the appointment of such a successor does not have a material adverse effect on the then current rating of the rated notes and agrees to be bound by the terms of the Funding 1 deed of charge, and further provided that S&P confirms that the current ratings of the rated notes shall not be either reduced, qualified or withdrawn as a result of such appointment (and advance notice in writing of such appointment has been provided to Moody's and Fitch and there being no reduction, qualification or withdrawal by Moody's or Fitch of the then current ratings of the rated notes as a consequence thereof) (provided further that such confirmation from S&P shall not be required to the extent such rating agency does not maintain a rating of any notes which are outstanding)).

Funding 1 may remove the Funding 1 security trustee at any time provided that it has the consent, which must not be unreasonably withheld or delayed, of each of the Funding 1 secured creditors to the removal.

In addition, the Funding 1 security trustee may, subject to conditions specified in the Funding 1 deed of charge, appoint a co-trustee to act jointly with it.

Additional provisions of the Funding 1 deed of charge

The Funding 1 deed of charge contains a range of provisions regulating the scope of the Funding 1 security trustee's duties and liabilities. These include the following:

- the Funding 1 security trustee is not responsible for the adequacy or enforceability of the Funding 1 deed of charge or the security interests created thereby or any other transaction document;

- the Funding 1 security trustee is not required to exercise its powers under the Funding 1 deed of charge without being directed to do so by the issuer security trustee;

- the Funding 1 security trustee may rely (without investigation or further inquiry) on documents provided by, inter alios, the mortgages trustee, Funding 1 and the cash manager, the ratings agencies and the advice of experts and advisers and shall not be liable for any loss or damage arising as a result of such reference;

- the Funding 1 security trustee is not required to monitor compliance by Funding 1 with the transaction documents or whether an intercompany loan event of default under the intercompany loan has occurred (and will be taken not to have knowledge of the occurrence thereof unless notified in writing by a Funding 1 secured creditor in accordance with the Funding 1 deed of charge);

- the Funding 1 security trustee will be taken not to have knowledge of the occurrence of an intercompany loan event of default under the intercompany loan unless the Funding 1 security trustee has received written notice from a Funding 1 secured creditor stating that an intercompany loan event of default has occurred and describing that intercompany loan event of default;

- any action taken by the Funding 1 security trustee under the Funding 1 deed of charge or any transaction document binds all of the Funding 1 secured creditors;

- each Funding 1 secured creditor must make its own independent investigations without reliance on the Funding 1 security trustee, as to the affairs of Funding 1;

- the Funding 1 security trustee generally has no liability under or in connection with the Funding 1 deed of charge or any other transaction document, whether to a Funding 1 secured creditor or otherwise, other than to the extent to which (1) the liability is able to be satisfied in accordance with the Funding 1 deed of charge out of the property held by it on trust under the Funding 1 deed of charge and (2) it is actually indemnified for the liability; and

- the Funding 1 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 Funding 1 security trustee has had no involvement in the preparation of any part of this base prospectus, other than any particular reference to the Funding 1 security trustee. The Funding 1 security trustee expressly disclaims and takes no responsibility for any other part of this base prospectus. The Funding 1 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, other than any particular reference to the Funding 1 security trustee. The Funding 1 security trustee does not guarantee the performance of the notes or the payment of principal or interest on the notes.

Governing law

The Funding 1 deed of charge is governed by English law, provided that any terms which are particular to Northern Irish law or Scots law will be construed in accordance with the laws of Northern Ireland and Scotland, respectively.

SECURITY FOR THE ISSUER'S OBLIGATIONS

The following section contains a summary of the material terms of the issuer deed of charge

The issuer deed of charge

The issuer has provided security for its obligations by entering into the issuer deed of charge with certain of the issuer secured creditors.

The issuer deed of charge has five primary functions:

- it sets out covenants of the issuer;
- it creates security interests in favour of the issuer security trustee for the benefit of the issuer security trustee which the issuer security trustee holds on trust for each of the issuer secured creditors;
- it sets out the enforcement procedures relating to a default by the issuer of its covenants under the transaction documents (including the appointment of a receiver);
- it sets out the order in which the issuer security trustee applies monies standing to the credit of the issuer transaction account both prior to and following the service of a note acceleration notice on the issuer; and
- it sets out the appointment of the issuer security trustee, its powers and responsibilities and the limitations on those responsibilities.

Covenants of the issuer

- The note trust deed contains covenants made by the issuer in favour of the note trustee on trust for the noteholders, and the issuer deed of charge contains covenants made by the issuer in favour of the issuer security trustee on trust for the benefit of itself, any receiver of the issuer and the issuer secured creditors. Pursuant to the note trust deed, the main covenants are that the issuer will pay all amounts due under the notes as they become due and that it will comply with its other obligations under the transaction documents.

Issuer security

Under the issuer deed of charge, the issuer has created the following security interests in favour of the issuer security trustee for itself and to hold on trust for the benefit of each of the other issuer secured creditors in respect of its obligations under the transaction documents to which the issuer is a party:

- an assignment by way of first fixed security (which may take effect as a floating charge) of all of the issuer's right, benefit and interest under the transaction documents to which it is a party, including the intercompany loan agreement, the Funding 1 deed of charge, the issuer swap agreements, the issuer swap guarantees (if any), the paying agent and agent bank agreement, the programme agreement, the subscription agreements, the issuer corporate services agreement, the issuer bank account agreement and the issuer cash management agreement;
- a first ranking fixed charge (which may take effect as a floating charge) over all of issuer's right, benefit, interest and title present and future in respect of any amounts standing to the credit of the issuer bank accounts including all interest paid and payable in relation to those amounts and all debts represented by those amounts;

- a first ranking fixed charge (which may take effect as a floating charge) over all of the issuer's right, title, interest and benefit in respect of all authorised investments made by or on behalf of the issuer, including all monies and income payable under them; and

- a first floating charge over all of the issuer's property, assets and undertaking not already effectively secured under the security interests described above (including all of the issuer's property, assets and undertaking situated in Scotland or governed by Scots law, or situated in Northern Ireland or governed by Northern Irish law).

Nature of security – fixed charge

Whether a fixed security interest expressed to be created by the issuer deed of charge will be upheld under English law and Northern Irish law as being a fixed security interest rather than floating security will depend, among other things, on whether the issuer security trustee has the requisite degree of control over the issuer's ability to deal in the relevant assets and the proceeds thereof and, if so, whether such control is exercised by the issuer security trustee in practice. However, it is likely that the issuer security trustee will not exert sufficient control over the accounts of the issuer for the charges over those accounts to take effect as fixed charges. In addition, any assignment, charge or security granted over an asset which is expressed to be a fixed charge may be characterised a floating charge if the proceeds thereof are paid into a bank account over which the issuer security trustee is not deemed to have sufficient control. Such may be the case in this transaction. Under Scots law there is no equivalent concept of fixed charges taking effect as floating charges.

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 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 issuer's business. Any assets acquired by the issuer after the programme closing date (including assets acquired as a result of the disposition of any other assets of the issuer) which are not subject to fixed charges described in the preceding section (including all of the issuer's Scottish assets) will be subject to the floating charge.

The existence of the floating charge will allow the issuer security trustee to appoint an administrative receiver of the issuer as long as the capital markets exemption is available. The main advantage of the issuer security trustee being able to appoint an administrative receiver is that a person entitled to appoint an administrative receiver can prevent the appointment of an administrator or receiver of the issuer by one of the issuer's other creditors which allows the issuer security trustee to control proceedings in the event the issuer's other creditors seek such action. However, see "**Risk Factors—Changes of law may adversely affect your interests**" relating to the appointment of administrative receivers.

The interest of the issuer secured creditors in property and assets over which there is a floating charge will rank behind the expenses of any liquidation or administration and the claims of certain 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 issuer security. Section 176A of the Insolvency Act (as inserted by section 251 of the Enterprise Act and a new Article 150A of the Insolvency (Northern Ireland) Order 1989 as inserted by Article 7 of the Insolvency (Northern Ireland) Order 2005) 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 expenses of any liquidation or 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 issuer deed of charge may "crystallise" and become a fixed charge over the relevant class of assets owned by the issuer at the time of crystallisation. Except in relation to the issuer's Scottish assets, crystallisation will occur automatically following the occurrence of specific events set out in the issuer deed of charge, including, among other events, the service on the issuer of a note acceleration notice following an event of default under the notes. In relation to the issuer's Scottish assets, crystallisation will occur only on the appointment of an administrative receiver or on the commencement of the winding-up of the issuer. A crystallised floating charge will rank ahead of the claims of unsecured creditors which are in excess of the prescribed part, but will rank behind the expenses of any liquidation or administration, the claims of preferential creditors and the beneficiaries of the prescribed part on enforcement of the issuer security.

Enforcement

The issuer deed of charge sets out the general procedures by which the issuer security trustee may take steps to enforce the security created by the issuer so that the issuer security trustee can protect the interests of each of the issuer secured creditors (including the power to appoint a receiver to enforce the issuer security and if applicable, to direct the Funding 1 security trustee to enforce the Funding 1 security).

The issuer deed of charge provides that the issuer security trustee will not, and will not be bound to, exercise its rights and/or take any other action under or in connection with any of the transaction documents (including, without limitation, enforcing the issuer security) unless the issuer security trustee is directed to do so by the note trustee or, if there are no notes outstanding, all of the other issuer secured creditors.

As among noteholders, the note trustee shall not be bound to take any proceedings or give any directions to the issuer security trustee (including, without limitation, with respect to enforcement of the issuer security) or take any other action in relation to the transaction documents unless directed to do so by extraordinary resolution of the class A noteholders, the class B noteholders, the class M noteholders, the class C noteholders, the class D noteholders or the class Z noteholders, as the case may be, or in writing by the holders of at least one quarter in aggregate principal amount outstanding of the class A notes, the class B notes, the class M notes, the class C notes, the class D notes or the class Z notes, as the case may, provided that:

(a) the note trustee shall not be obliged to act at the direction or request of the class B noteholders as aforesaid unless either the note trustee is of the sole opinion that to do so would not be materially prejudicial to the interests of the class A noteholders or such action is sanctioned by an extraordinary resolution of the class A noteholders;

(b) the note trustee shall not be obliged to act at the direction or request of the class M noteholders as aforesaid unless (i) either the note trustee is of the sole opinion that to do so would not be materially prejudicial to the interests of the class A noteholders or such action is sanctioned by an extraordinary resolution of the class A noteholders and (ii) either the note trustee is of the sole opinion that to do so would not be materially prejudicial to the interests of the class B noteholders or such action is sanctioned by an extraordinary resolution of the class B noteholders;

(c) the note trustee shall not be obliged to act at the direction or request of the class C noteholders as aforesaid unless (i) either the note trustee is of the sole opinion that to do so would not be materially prejudicial to the interests of the class A noteholders or such action is sanctioned by an extraordinary resolution of the class A noteholders; (ii) either the note trustee is of the sole opinion that to do so would not be materially prejudicial to the interests of the class B noteholders or such action is sanctioned by an extraordinary resolution of the class B noteholders; and (iii) either the note trustee is of the sole opinion that to do so would not be materially prejudicial to the interests of the

class M noteholders or such action is sanctioned by an extraordinary resolution of the class M noteholders;

(d) the note trustee shall not be obliged to act at the direction or request of the class D noteholders as aforesaid unless (i) either the note trustee is of the sole opinion that to do so would not be materially prejudicial to the interests of the class A noteholders or such action is sanctioned by an extraordinary resolution of the class A noteholders; (ii) either the note trustee is of the sole opinion that to do so would not be materially prejudicial to the interests of the class B noteholders or such action is sanctioned by an extraordinary resolution of the class B noteholders; (iii) either the note trustee is of the sole opinion that to do so would not be materially prejudicial to the interests of the class M noteholders or such action is sanctioned by an extraordinary resolution of the class M noteholders; and (iv) either the note trustee is of the sole opinion that to do so would not be materially prejudicial to the interests of the class C noteholders or such action is sanctioned by an extraordinary resolution of the class C noteholders; and

(e) the note trustee shall not be obliged to act at the direction or request of the class Z noteholders as aforesaid unless (i) either the note trustee is of the sole opinion that to do so would not be materially prejudicial to the interests of the class A noteholders or such action is sanctioned by an extraordinary resolution of the class A noteholders; (ii) either the note trustee is of the sole opinion that to do so would not be materially prejudicial to the interests of the class B noteholders or such action is sanctioned by an extraordinary resolution of the class B noteholders; (iii) either the note trustee is of the sole opinion that to do so would not be materially prejudicial to the interests of the class M noteholders or such action is sanctioned by an extraordinary resolution of the class M noteholders; (iv) either the note trustee is of the sole opinion that to do so would not be materially prejudicial to the interests of the class C noteholders or such action is sanctioned by an extraordinary resolution of the class C noteholders and (v) either the note trustee is of the sole opinion that to do so would not be materially prejudicial to the interests of the class D noteholders or such action is sanctioned by an extraordinary resolution of the class D noteholders.

If there is a conflict between the interests of the class A noteholders of one sub-class and the class A noteholders of another sub-class, or a conflict between the interests of class B noteholders of one sub-class and the class B noteholders of another sub-class, or a conflict between the interests of the class M noteholders of one sub-class and the class M noteholders of another sub-class, or a conflict between the interests of the class C noteholders of one sub-class and the class C noteholders of another sub-class, or a conflict between the interests of the class D noteholders of one sub-class and the class D noteholders of another sub-class, then a resolution directing the note trustee to take any action must be passed at separate meetings of the holders of each sub-class of the class A notes or, as applicable, each sub-class of the class B notes, each sub-class of the class M notes, each sub-class of the class C notes or, as applicable, each sub-class of the class D notes.

In all such cases, neither the note trustee nor the issuer security trustee will be obliged to act unless it is indemnified and/or secured to its satisfaction.

The issuer security will become enforceable at any time following the service of a note acceleration notice on the issuer or if there are no notes outstanding, following a default in payment of any other secured obligation of the issuer, provided that, if the issuer security has become enforceable otherwise than by reason of a default in payment of any amount due on the notes, the issuer security trustee will not be entitled to dispose of all or part of the assets comprised in the 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 D notes or if the class D notes have been fully repaid, the class Z notes; or

- the issuer security trustee is of the sole opinion that the cashflow expected to be received by the issuer will not, or that there is a significant risk that it will not, be sufficient, having regard to any other relevant actual, contingent or prospective liabilities of the issuer, to discharge in full 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 D notes or if the class D notes have been fully repaid, the class Z notes.

Each of the issuer secured creditors (other than the noteholders, the note trustee acting on behalf of the noteholders and the issuer security trustee) has agreed under the issuer deed of charge that they will not take steps directly against the issuer (other than in accordance with the transaction documents) for any amounts owing to them, unless the issuer security trustee has become bound to enforce the issuer security but has failed to do so within a reasonable period of becoming so bound.

The security interests expressed to be created by the issuer under the issuer deed of charge are binding on the creditors and a liquidator or an administrator of the issuer. Accordingly, in a liquidation or administration of the issuer, neither the issuer nor any of its creditors nor a liquidator or administrator of the issuer would be able to contest successfully the validity of such security, although that security may be subject to restrictions on enforcement. The issuer's and the issuer security trustee's (as trustee for the issuer secured creditors) respective interests may, however, be or become subject to prior third party rights, claims or interests. Neither a creditor of the issuer nor its liquidator or administrator would be able to challenge successfully the priority of the application of payments on enforcement of the issuer deed of charge.

Issuer post-enforcement priority of payments

The issuer deed of charge sets out the priority of distribution by the issuer security trustee, following service of a note acceleration notice, of amounts received or recovered by the issuer security trustee (or a receiver appointed on its behalf). There are two separate payment orders of priority depending on whether the Funding 1 security has also been enforced. These orders of priority are described in "**Cashflows**".

Appointment, powers, responsibilities and liabilities of the issuer security trustee

The issuer security trustee is appointed to act as trustee on behalf of the issuer secured creditors on the terms and conditions of the issuer deed of charge. It holds the benefit of the security created by the issuer deed of charge on trust for each of the issuer secured creditors in accordance with the terms and conditions of the issuer deed of charge.

Pursuant to the terms of the note trust deed and the issuer deed of charge, the note trustee may, without the consent or sanction of the noteholders at any time and from time to time, direct the issuer security trustee to concur with the issuer or any other person in making any modification (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:

- the note trustee is of the sole opinion that such modification will not be materially prejudicial to the interests of the holders of any series and class (or sub-class) of notes; or

- the note trustee is of the sole opinion that such modification is of a formal, minor or technical nature or is necessary to correct a manifest error.

The note trustee will be entitled to assume that the exercise of its rights, powers, duties and discretions will not be materially prejudicial to the interests of the noteholders if S&P has confirmed that the then current rating by it of the rated notes would not be adversely affected by such exercise (and advance notice in writing of such exercise has been provided to Moody's and Fitch and there being no reduction, qualification or withdrawal by Moody's or Fitch of the then current ratings of the rated notes as a consequence thereof) (provided that such confirmation from S&P shall not be required to the extent such rating agency does not maintain a rating of any notes which are outstanding) other than in the case of a modification, waiver, determination or authorisation that relates to an amendment of a maturity purchase deed or Condition 5.8.

In addition, the issuer security trustee will give its consent to any modifications to, *inter alia*, the mortgage sale agreement, the servicing agreement, the cash management agreement, the Funding 1 deed of charge, the Funding 1 swap agreement, the intercompany loan agreement, the bank account agreements and the master definitions and construction schedule, that are requested by Funding 1 or the cash manager, provided that Funding 1 or the cash manager certifies to the issuer security trustee in writing that such modifications are required in order to accommodate:

(a) notes to be issued and/or term advances to be made available by the issuer to Funding 1 under the intercompany loan agreement;

(b) the entry by Funding 1 into new intercompany loan agreements, the issue of new notes by new issuers;

(c) the addition of new issuer secured creditors or Funding 1 secured creditors to the transaction documents or the making of new term advances by Funding 1;

(d) the assignment of new loan types or their related security to the mortgages trustee;

(e) the inclusion of a new beneficiary as a beneficiary of the mortgages trust;

(f) changes to the Funding 1 reserve required amount, the Funding 1 liquidity reserve required amount and/or the manner in which the general reserve fund or the Funding 1 liquidity reserve fund is funded;

(g) different interest payment dates and/or interest periods for any notes to be issued by the issuer (including modification of the interest payment dates and/or interest periods and/or the basis or the calculation of interest in respect of any outstanding notes and/or the Funding 1 payment dates and/or the Funding 1 interest periods and/or the basis for the calculation of interest in respect of any outstanding term advances under the intercompany loan agreement);

(h) changes to be made to the definitions of asset trigger event and non-asset trigger event;

(i) the establishment of further funding companies and/or new issuers;

(j) the entry by Funding 1 into a Funding 1 account bank agreement with an agent account bank and the corresponding opening of Funding 1 eligible bank GIC accounts;

(k) the entry by Funding 1 or the mortgages trustee, as applicable, into collateral agreements and eligible custody arrangements and the corresponding opening of GIC collateral custody accounts, and the entry by the mortgages trustee into a mortgages trustee account bank agreement and the corresponding opening of a standby mortgages trustee GIC account; and

(l) the entry into any back-up servicing arrangements or back-up cash manager arrangements pursuant to the servicing agreement or the cash management agreement, as applicable;

and provided further that:

- the conditions precedent to the sale of loans to the mortgages trustee have been satisfied, including that the conditions precedent to (i) the notes being issued by the issuer and/or term advances being made available to Funding 1; (ii) the new notes being issued by new issuers directly and/or new intercompany loan agreements being entered into by Funding 1; (iii) the assignment of new loans and their related security to the mortgages trustee; and (iv) the inclusion of a new beneficiary of the mortgages trust, if applicable, have been satisfied; and

- (1) the issuer security trustee has received written confirmation from S&P that the relevant modifications will not adversely affect the then current ratings of the rated notes (and advance notice in writing of any such modifications has been provided to Moody's and Fitch and there being no reduction, qualification or withdrawal by Moody's or Fitch of the then current ratings of the rated notes as a consequence thereof) (provided that such confirmation from S&P shall not be required to the extent such rating agency does not maintain a rating of any notes which are outstanding); and (2) the issuer security trustee is not obliged to give its consent where, in the opinion of the issuer security trustee, to do so would result in the imposition of an increase in its obligations or duties, or decrease in its rights or protections.

For purposes of Article 21(4)(d) of the UK Securitisation Regulation, no provision of the issuer deed of charge requires automatic liquidation of the issuer security upon default of the issuer.

Issuer security trustee's fees and expenses

The issuer will reimburse the issuer security trustee for all its costs and expenses properly incurred in acting as issuer security trustee. The issuer security trustee shall be entitled to a fee payable quarterly in the amount agreed from time to time by the issuer security trustee and the issuer. The issuer has agreed to indemnify the 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 issuer security trustee's engagement as issuer security trustee,

which it or any of its officers, employees or advisers may suffer as a result of the issuer failing to perform any of its obligations.

The issuer will not be responsible under the issuer deed of charge for any liabilities, losses, damages, costs or expenses resulting from the wilful misconduct, fraud or wilful default on the part of the issuer security trustee or any of its officers, employees and advisers.

Retirement and removal

Subject to the appointment of a successor issuer security trustee, the issuer security trustee may retire after giving three months' notice in writing to the issuer. In order to be eligible to act as issuer security trustee, such successor issuer security trustee must agree to be bound by the terms of the issuer deed of charge and must meet the applicable eligibility requirements under the issuer deed of charge. If within 60 days of having given notice of its intention to retire, the issuer has failed to appoint a replacement

issuer security trustee, the outgoing issuer security trustee will be entitled to appoint its successor (provided that such successor is acceptable to the rating agencies and agrees to be bound by the terms of the issuer deed of charge, and further provided that S&P confirms that the current ratings of the rated notes shall not be either reduced, qualified or withdrawn as a result of such appointment (and advance notice in writing of such appointment has been provided to Moody's and Fitch and there being no reduction, qualification or withdrawal by Moody's or Fitch of the then current ratings of the rated notes as a consequence thereof) (provided further that such confirmation from S&P shall not be required to the extent such rating agency does not maintain a rating of any notes which are outstanding)).

The noteholders may, by extraordinary resolution of each class thereof, remove the issuer security trustee at any time.

In addition, the issuer security trustee may, subject to the conditions specified in the issuer deed of charge, appoint a co-trustee to act jointly with it.

Additional provisions of the issuer deed of charge

The issuer deed of charge contains a range of provisions regulating the scope of the issuer security trustee's duties and liability. These include the following:

- the issuer security trustee will, if reasonably practicable, give prior written notification to the seller, the issuer and the other issuer secured creditors upon being directed by the note trustee (or, if there are no notes outstanding, all of the other issuer secured creditors) to enforce the issuer security (although any failure to so notify will not prejudice the ability of the issuer security trustee to enforce the issuer security);

- the issuer security trustee will not be responsible for the adequacy or enforceability of the issuer deed of charge or the security interests created thereby or any other transaction document;

- the issuer security trustee may rely (without investigation or further inquiry) on documents provided by, *inter alios*, the issuer, the issuer cash manager, the issuer swap providers, the agent bank, the paying agents, the registrar, the exchange rate agent, the transfer agent, the issuer account bank, the issuer corporate services provider, the rating agencies and the advice of experts and advisers and shall not be liable for any loss or damage arising as a result of such reliance;

- the issuer security trustee will not be required to monitor whether a note event of default has occurred or compliance by the issuer with the transaction documents;

- the issuer security trustee will be taken not to have knowledge of the occurrence of a note event of default unless the issuer security trustee has received written notice from an issuer secured creditor stating that a note event of default has occurred and describing that note event of default;

- the issuer security trustee may rely (without investigation or further inquiry) 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 note trust deed and shall not be liable for any loss or damage arising as a result of such reliance;

- the issuer security trustee will have no duties or responsibilities except those expressly set out in the issuer deed of charge or the transaction documents;

- any action taken by the issuer security trustee under the issuer deed of charge or any of the transaction documents will bind all of the issuer secured creditors;

- each issuer secured creditor must make its own independent investigations, without reliance on the issuer security trustee, as to the affairs of the issuer;

- the issuer security trustee in a capacity other than as issuer security trustee will be able to exercise its rights and powers as such as if it were not acting as the issuer security trustee;

- the issuer security trustee and its affiliates may engage in any kind of business with the issuer or any of the issuer secured creditors as if it were not the issuer security trustee and may receive consideration for services in connection with any transaction document or otherwise without having to account to the issuer secured creditors;

- save as expressly otherwise provided in the issuer deed of charge (and, in particular, the provisions regarding its obligation to act on the instructions from the note trustee or, as applicable, other issuer secured creditors), the issuer security trustee shall have absolute and uncontrolled discretion as to the exercise or non-exercise of its trusts, powers, authorities and discretions under the issuer deed of charge and, except as a result of wilful misconduct, fraud or wilful default, shall not be responsible for any liability which may result from such exercise or non-exercise; and

- the issuer security trustee will not be responsible for any deficiency which may arise because it is liable to tax in respect of the proceeds of security.

The issuer security trustee has had no involvement in the preparation of any part of this base prospectus, other than any particular reference to the issuer security trustee. The issuer security trustee expressly disclaims and takes no responsibility for any other part of this base prospectus. The 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, other than any particular reference to the issuer security trustee. The issuer security trustee does not guarantee the success of the notes or the payment of principal or interest on the notes.

Governing law

The issuer deed of charge is governed by English law, provided that any terms which are particular to Northern Irish and Scots laws shall be construed in accordance with the laws of Northern Ireland and Scotland, respectively.

THE SWAP AGREEMENTS

The following section contains only a summary of the material terms of the Funding 1 swap agreement and the issuer swap agreements and therefore is subject to the provisions of those swap agreements.

General

Funding 1 has entered into the Funding 1 swap agreement with Nationwide and the Funding 1 security trustee and entered into the Funding 1 swaps thereunder. On each closing date (as required), the issuer will enter into issuer swaps with the issuer swap providers and the issuer security trustee. In general, the swaps are designed to do the following:

- Funding 1 swaps: to hedge against the possible variance between the variable rates of interest payable on the BMR loans and the SMR loans and the fixed rates of interest payable on the fixed rate loans and a compounded daily SONIA rate.

  The tracker rate loans are unhedged.

  All three Funding 1 swaps reference a compounded daily SONIA rate. There are no longer any Funding 1 swaps referencing LIBOR or any other benchmark reference rate.

  In respect of a calculation period, the aggregate notional amount of the three (BMR, SMR and fixed rate loans) Funding 1 swaps will, in aggregate, equal the greater of (a) zero and (b) the adjusted total hedge.

  Each of the three Funding 1 swaps (BMR, SMR or fixed rate loans) are sized individually by reference to the ratio of the aggregate true balance of the loans in the portfolio that are of the type (BMR, SMR or fixed rate loans) compared to the sum of the Loan Balances in respect of each of Fixed Rate Loans, SMR Loans and BMR Loans, with such ratios applied to the adjusted total hedge;

- Issuer dollar currency swaps: to protect the issuer against changes in the sterling to U.S. dollar exchange rate following any closing date and the possible variance between a SONIA-based rate and a SOFR-based rate as specified in the applicable final terms for such notes;

- Issuer euro currency swaps: to protect the issuer against changes in the sterling to euro exchange rate following any closing date and the possible variance between a SONIA-based rate and either (i) an €STR-based rate, or (ii) a EURIBOR-based rate for one-month euro deposits applicable to a series and class (or sub-class) of notes, or (iii) a EURIBOR-based rate for three-month euro deposits applicable to a series and class (or sub-class) of notes, or (iv) a EURIBOR-based rate for such other period of euro deposits applicable to a series and class (or sub-class) of notes, in each case as specified in the applicable final terms for such notes; and

- Issuer interest rate swaps: to protect against the risk that the interest received by the issuer from Funding 1 under the intercompany loan may fall below the fixed rate of interest payable on any fixed rate notes, impacting the ability of the issuer to meet its payment obligations under such notes.

Additional issuer currency swaps may be entered into where notes are denominated in currencies other than sterling, euro or U.S. dollars to protect the issuer against changes in the relevant currency to sterling exchange rate and the possible variance between a SONIA-based rate and the applicable rate for deposits relating to such currency, as specified in the applicable final terms.

The Funding 1 swaps

Some of the loans in the portfolio pay a variable rate of interest for a period of time which may be linked to a variable base rate or linked to a variable interest rate other than such a variable base rate, 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 1 with respect to the term advances under the intercompany loan agreement will be calculated as a margin over a compounded daily SONIA rate. To provide a hedge against the possible variance between:

(a) the variable rates of interest payable on the BMR loans and the SMR loans and the fixed rates of interest payable on the fixed rate loans; and

(b) a compounded daily SONIA rate,

Funding 1 entered into the Funding 1 swap agreement with Nationwide and the Funding 1 security trustee and entered into the Funding 1 swaps thereunder corresponding to the BMR loans, SMR loans and fixed rate loans respectively.

The tracker rate loans are unhedged.

All three Funding 1 swaps reference SONIA. There are no longer any Funding 1 swaps referencing LIBOR or any other benchmark reference rate.

In respect of a calculation period, the aggregate notional amount of the three (BMR, SMR and fixed rate loans) Funding 1 swaps will, in aggregate, equal the greater of (a) zero and (b) the adjusted total hedge.

Each of the three Funding 1 swaps (BMR, SMR or fixed rate loans) are sized individually by reference to the ratio of the aggregate true balance of the loans in the portfolio that are of the type (BMR, SMR or fixed rate loans) compared to the sum of the Loan Balances in respect of each of Fixed Rate Loans, SMR Loans and BMR Loans, with such ratios applied to the adjusted total hedge.

Under each Funding 1 swap, for each Funding 1 collection period relating to a Funding 1 interest period (each as defined in the Glossary) the following amounts are calculated:

- the amount produced by applying a Compounded daily SONIA rate plus a spread (the spread is as set out in the relevant Funding 1 swap agreement but may be changed by specifying an alternative spread in the most recent Final Terms in respect of any Series of Notes issued, or following the redemption in full of all Class A Notes issued and outstanding prior to 14 November 2023 as may otherwise be agreed on any interest payment date by the Cash Manager (acting in good faith and in a commercially reasonable manner on behalf of Funding 1) and Nationwide subject to rating agency confirmation and provided that the proposed new value of such amended spread is less than the fixed percentage set out in the most recent final terms that is added to the Compounded daily SONIA rate in order to equal the minimum yield relating to that Funding 1 interest period to the notional amount of the relevant Funding 1 swap for such Funding 1 interest period in respect of a proportion of the notional amount of the swap equivalent to the proportion of term advances under intercompany loans under which Funding 1 pays a Compounded daily SONIA rate (known as the **Funding 1 collection period swap provider amount** and the sum of such amounts for a Funding 1 interest period, a **Funding 1 interest period swap provider amount**); and

- the amount produced by applying a rate equal to the weighted average (by true balance) of:

(i) in the case of the Funding 1 swap that relates to the BMR loans, the rates of interest payable on the BMR loans;

(ii) in the case of the Funding 1 swap that relates to the SMR loans, the rates of interest payable on the SMR loans; or

(iii) in the case of the Funding 1 swap that relates to the fixed rate loans, the rates of interest payable on the fixed rate loans,

for the relevant Funding 1 collection period to the notional amount of the relevant Funding 1 swap for such Funding 1 interest period (known as the **collection period Funding 1 amount** and the sum of such amounts for a Funding 1 interest period, the **interest period Funding 1 amount**).

On each Funding 1 payment date the following amounts are calculated in respect of each Funding 1 swap:

- the relevant Funding 1 interest period swap provider amount calculated during the preceding Funding 1 interest period; and

- the relevant interest period Funding 1 amount calculated during the preceding Funding 1 interest period.

After these two amounts are calculated in relation to a Funding 1 payment date, the following payments are due on that Funding 1 payment date pursuant to such Funding 1 swap:

- if the first amount is greater than the second amount, then the difference is due from Funding 1 swap provider to Funding 1;

- if the second amount is greater than the first amount, then the difference is due from Funding 1 to the Funding 1 swap provider; and

- if the two amounts are equal, neither party will make a payment to the other,

provided that, the amounts calculated in respect of each Funding 1 swap are netted such that a single net sum is due in respect of all Funding 1 swaps under the same Funding 1 swap agreement.

If a payment is to be made by the Funding 1 swap provider, that payment will be included in the Funding 1 available revenue receipts and will be applied on the relevant Funding 1 payment date according to the relevant Funding 1 priority of payments. If a payment is to be made by Funding 1, it will be made according to the relevant Funding 1 priority of payments.

The aggregate notional amount of all of the Funding 1 swaps in respect of a Funding 1 interest period will be an amount in sterling equal to:

- the aggregate outstanding principal amount of all term advances under the intercompany loan agreement at the close of business on the first day of the relevant Funding 1 interest period, less

- the balance of the principal deficiency ledger attributable to all term advances under the intercompany loan agreement at the close of business on the first day of the relevant Funding 1 interest period, less

- the amount of the principal receipts in the Funding 1 GIC account attributable to all term advances at the close of business on the first day of the relevant Funding 1 interest period.

In the event that a fixed rate Funding 1 swap in respect of fixed rate loans is terminated prior to the service of an intercompany loan acceleration notice or the latest occurring final repayment date of any term advance advanced under the intercompany loan agreement, Funding 1 shall enter into a replacement Funding 1 swap in respect of fixed rate loans on terms which are in accordance with the then current ratings criteria of the relevant rating agencies, with the Funding 1 security trustee and with a swap provider whom S&P has previously confirmed in writing to Funding 1, the issuer and the Funding 1 security trustee will not cause the then current ratings of the rated notes to be downgraded, withdrawn or qualified (and advance notice in writing of such replacement swap provider has been provided to Moody's and Fitch and there being no reduction, qualification or withdrawal by Moody's or Fitch of the then current ratings of the rated notes as a consequence thereof) (provided that such confirmation from S&P shall not be required to the extent such rating agency does not maintain a rating of any notes which are outstanding). If Funding 1 is unable to enter into a replacement Funding 1 swap in respect of fixed rate loans on terms which are in accordance with the then current ratings criteria of the relevant rating agencies (or for any other reason), this may affect amounts available to pay interest on the term advances under the intercompany loan agreement.

Funding 1 can only terminate a Funding 1 swap in respect of standard variable mortgage rate loans if a perfection event has occurred. In that scenario, Funding 1 will not be required to enter into a replacement swap and the servicer has the power to set the rate on the variable rate mortgages pursuant to the servicing agreement as described under "**Servicing Agreement—Undertakings by the servicer**".

On each relevant closing date, Funding 1 may pay a premium to the Funding 1 swap provider, such premium to be funded as an expense through part of the proceeds of a start-up loan advanced to Funding 1 by the start-up loan provider on such closing date. In the event that such premium is paid, the Funding 1 swap provider will make a payment of a fixed amount to Funding 1 on the immediately following Funding 1 payment date and/or any other Funding 1 payment date specified in the applicable final terms for the series of notes issued on the relevant closing date to add to Funding 1 available revenue receipts with respect to such Funding 1 payment date. This arrangement between Funding 1 and the Funding 1 swap provider will be on commercial terms.

The issuer swaps

The term advances under the intercompany loan agreement will be denominated in sterling and interest payable by Funding 1 to the issuer under the term advances is calculated as a margin over a compounded daily SONIA rate, as specified in the applicable intercompany loan confirmation. However, each series and class (or sub-class) of notes will be denominated in either sterling, U.S. dollar, euro or such other currency as set out in the applicable final terms (or, in the case of exempt notes, the applicable pricing supplement) and will accrue interest at one of a number of different floating rates or a fixed rate.

(a) The issuer currency swaps

A series and class (or sub-class) of notes may be denominated in U.S. dollars and, if so, will accrue interest at a SOFR-based rate or such other rate specified in the applicable final terms (or, in the case of exempt notes, the applicable pricing supplement). A series and class (or sub-class) of notes may be denominated in euro and will accrue interest at either an €STR-based rate, 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 applicable final terms (or, in the case of exempt notes, the applicable pricing supplement). A series and class (or sub-class) of notes may be denominated in a currency other than US dollars, euro or Sterling and will accrue interest at such rate as specified in the applicable final terms (or, in the case of exempt notes, the applicable pricing supplement). To deal with (a) the potential currency mismatch (if any) between (i) its receipts and liabilities in respect of a term advance and (ii) its receipts and liabilities under the notes that funded such term advance and/or (b) the potential interest rate mismatch between interest received in respect of the term advance and interest payable under the notes that funded such term advance, the issuer will, pursuant to the terms of the issuer

currency swap agreement in respect of such notes, swap its receipts and liabilities in respect of the relevant term advances on terms that match the issuer's obligations under the relevant notes.

The currency amount of each issuer currency swap will be the principal amount outstanding under the series and class (or sub-class) of notes to which the relevant issuer currency swap relates. Subject, in the case of the issuer's obligations under certain classes of notes, to certain deferral of interest provisions that will apply when payment of interest under the corresponding notes is deferred in accordance with the terms and conditions of such notes and to the extent that the issuer makes its corresponding payments to the relevant issuer currency swap providers, the relevant issuer currency swap providers will pay to the issuer amounts in U.S. dollars, or euro or in such other currencies in which the relevant series and classes (or sub-classes) of notes are denominated, as applicable, that are equal to the amounts of interest to be paid on each of the classes or sub-classes of the notes of the relevant series and the issuer will pay to the relevant issuer currency swap providers the sterling interest amounts received on the term advances funded by the classes or sub-classes of notes of the relevant series. In order to allow for the effective currency amount of each issuer currency swap to amortise at the same rate as the relevant series and class (or sub-class) of notes, each issuer currency swap agreement will provide that, as and when the notes amortise, a corresponding portion of the currency amount of the relevant issuer currency swap will amortise. Pursuant to each issuer currency swap agreement, any portion of issuer currency swap so amortised will be swapped from sterling into U.S. dollars at the relevant U.S. dollar currency exchange rate, or into euro at the euro currency exchange rate or into such other currency at the relevant currency exchange rate as specified in the applicable final terms (or, in the case of exempt notes, the applicable pricing supplement), as applicable specified for the relevant series and class (or sub-class) of notes in the applicable final terms for such notes (or, in the case of exempt notes, the applicable pricing supplement).

On the final maturity date of a series and class (or sub-class) of notes or, if earlier, the date on which such notes are redeemed in full, the relevant issuer currency swap provider will pay to the issuer an amount in U.S. dollars, or euro or such other relevant currency, as applicable, equal to the principal amount outstanding under the relevant notes and the issuer will pay to the relevant issuer currency swap provider an equivalent amount in sterling, converted by reference to the relevant currency exchange rate. If the issuer does not have sufficient principal available pursuant to the issuer cash management agreement or issuer deed of charge to pay such amount in full on such date and accordingly pays only a part of such amount to the relevant issuer currency swap provider, the relevant issuer currency swap provider will be obliged on such date to pay only the equivalent of such partial amount in U.S. dollars, or euro or such other relevant currency, as applicable, in each case converted by reference to the relevant currency exchange rate.

(b) The issuer interest rate swaps

A series and class (or sub-class) of notes may accrue interest at a fixed rate as specified in the applicable final terms (or, in the case of exempt notes, the applicable pricing supplement). To deal with the potential interest rate mismatch between interest received in respect of the intercompany loan and interest payable under such fixed rate notes, the issuer will, pursuant to the terms of an issuer interest rate swap agreement in respect of such notes, swap its receipts and liabilities in respect of the relevant term advances on terms that match the issuer's obligations under the relevant notes.

The notional amount of each issuer interest rate swap will be the principal amount outstanding under the series and class (or sub-class) of notes to which the relevant issuer interest rate swap relates. Subject, in the case of the issuer's obligations under certain classes of notes, to certain deferral of interest provisions that will apply when payment of interest under the corresponding notes is deferred in accordance with the terms and conditions of such notes, the issuer interest rate swap providers will pay to the issuer amounts in sterling calculated by reference to the

fixed amounts of interest to be paid on each of the relevant class (or sub-class) of the notes of the relevant series and the issuer will pay to the issuer interest rate swap providers an amount calculated by reference to a compounded daily SONIA rate, received on the term advances funded by the classes or sub-classes of notes of the relevant series. In order to allow for the notional amount of each issuer interest rate swap to amortise at the same rate as the relevant series and class (or sub-class) of notes, each issuer interest rate swap agreement will provide that, as and when the notes amortise, a corresponding portion of the notional amount of the relevant issuer interest rate swap will amortise.

In the event that any issuer swap agreement is terminated prior to the service of a note acceleration notice or the final redemption of the relevant series of notes, the issuer shall be required to enter into a replacement issuer swap agreement in respect of that class and series of notes. Any replacement issuer swap agreement must be entered into on terms acceptable to the issuer and the issuer security trustee (and which are in accordance with the then current ratings criteria of the relevant rating agencies) and with a replacement issuer swap agreement provider whom S&P has previously confirmed in writing to the issuer and the issuer security trustee will not cause the then current ratings of the rated notes of the relevant series to be downgraded, withdrawn or qualified (and advance notice in writing of such replacement issuer currency swap provider has been provided to Moody's and Fitch and there being no reduction, qualification or withdrawal by Moody's or Fitch of the then current ratings of the rated notes as a consequence thereof) (provided that such confirmation from S&P shall not be required to the extent such rating agency does not maintain a rating of any notes which are outstanding). If the issuer is unable to enter into any replacement issuer swap agreements on terms which are in accordance with the then current ratings criteria of the relevant rating agencies (or for any other reason), this may affect amounts available to pay amounts due under the notes.

If an issuer swap agreement is terminated and the issuer is unable to enter into a replacement swap as described above, then any payments received by the issuer from Funding 1 on each Funding 1 payment date shall be deposited in the issuer transaction account (or such other account opened for this purpose) and applied by the issuer to repay the notes on each interest payment date after exchanging at the "spot" rate the relevant proceeds from sterling into U.S. dollars, or euros or such other currency, as required.

Ratings downgrade of swap providers

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

Under the Funding 1 swap agreement, in the event that the relevant rating(s) of the Funding 1 swap provider, or its respective guarantor, as applicable, is or are, as applicable, downgraded by a rating agency below the rating(s) specified in the Funding 1 swap agreement (in accordance with the requirements of the rating agencies) for the Funding 1 swap provider (and, if specified in the relevant Funding 1 swap agreement, as a result of the downgrade, the then current ratings of any outstanding notes would or may, as applicable, be adversely affected) the Funding 1 swap provider will, in

accordance with the Funding 1 swap agreement be required to take certain remedial measures in respect of its obligations in respect of the Funding 1 swap in respect of fixed rate loans which may include providing collateral for such obligations, arranging for such obligations to be transferred to an entity which satisfies the ratings criteria of the relevant rating agency as specified in the Funding 1 swap agreement, procuring another entity which satisfies the ratings criteria of the relevant rating agency as specified in the Funding 1 swap agreement to become co-obligor or guarantor, as applicable, in respect of such obligations, or taking such other action that will result in the rating of the then highest rated notes by the relevant rating agency following the taking of such action being maintained at, or restored to, the level it was at immediately prior to such downgrade and, in the case of a downgrade by S&P, such notes not being placed on credit watch by S&P as a result of such downgrade. Such rating downgrade provisions are, however, not applicable to Funding 1 swaps in respect of standard variable mortgage rate loans.

Termination of the swaps

Any swap under a swap agreement may also be terminated in certain other circumstances, that may include the following, each referred to as a **swap early termination event**;

- at the option of one party to the swap agreement, if there is a failure by the other party to pay any amounts due under that swap agreement and any applicable grace period has expired;

- in respect of the issuer swaps, at the option of the relevant issuer swap provider, if an event of default under the relevant series and class (or sub-class) of notes occurs and the issuer security trustee serves a note acceleration notice;

- in respect of the Funding 1 swaps, at the option of the Funding 1 swap provider, if an event of default under the intercompany loan occurs and the Funding 1 security trustee serves an intercompany loan acceleration notice;

- in respect of the issuer swaps, at the option of either party, if a redemption or purchase of the relevant series and class (or sub-class) of notes occurs pursuant to Condition 5.4 or Condition 5.5 under "**Terms and conditions of the notes**";

- at the option of the issuer (in the case of an issuer swap) or Funding 1 (in the case of a Funding 1 swap), if certain tax representations by the relevant swap provider prove to have been incorrect or misleading in any material respect;

- at the option of the relevant swap provider, if certain insolvency events occur with respect to the issuer (in the case of an issuer swap) or Funding 1 (in the case of a Funding 1 swap);

- at the option of the issuer (in the case of an issuer swap) or Funding 1 (in the case of a Funding 1 swap), upon the occurrence of an insolvency of the relevant swap provider, or its guarantor, or the merger of the relevant swap provider without an assumption of its obligations under the relevant swap agreement, or if a material misrepresentation is made by the swap provider under the relevant swap agreement, or if the relevant swap provider defaults under an over-the-counter derivatives transaction under another agreement between the issuer and such swap provider, or if a breach of a provision of the relevant swap agreement by the swap provider is not remedied within the applicable grace period, or, if applicable, if the guarantor of the relevant swap provider fails to comply with its obligations under the guarantee;

- if a change in law results in the obligations of one of the parties becoming illegal;

- at the option of the relevant issuer swap provider if withholding taxes are imposed on payments made by the issuer swap provider under the issuer swap due to a change in law;

- in respect of a Funding 1 swap, at the option of the Funding 1 swap provider, if any of the Funding 1 priority of payments are amended (other than in accordance with the Funding 1 deed of charge), such that Funding 1's obligations to the Funding 1 swap provider under the Funding 1 swap agreement are further contractually subordinated to Funding 1's obligations to any Funding 1 secured creditor; and

- 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 and described above under "**Ratings downgrade of swap providers**";

  provided that, in the case of the Funding 1 swaps in respect of BMR loans and SMR loans, Funding 1 may only terminate such swaps if perfection of the relevant mortgage loans have been completed.

Upon the occurrence of a swap early termination event, the issuer or the relevant issuer swap provider may be liable to make a termination payment to the other (in the case of an issuer swap) and/or Funding 1 or the Funding 1 swap provider may be liable to make a termination payment to the other (in the case of a Funding 1 swap). This termination payment will be calculated and made, in the case of an issuer swap, either in sterling or, in respect of some issuer swaps, in the same currency as the series and class (or sub-class) of notes to which such issuer swap relates and, in the case of a Funding 1 swap, in sterling. The amount of any termination payment will be based on the market value of the terminated swap as determined on the basis of quotations sought from leading dealers as to the cost of entering into a swap with the same terms and conditions that would have the effect of preserving the economic equivalent of the respective full payment obligations of the parties (or based upon a good faith determination of total losses and costs (or gains) if an insufficient number of quotations can be obtained or if basing the valuation on quotations would not produce a commercially reasonable result) and will include any unpaid amounts that became due and payable prior to the date of termination. Any such termination payment could be substantial and, in the case of a termination payment from Funding 1 to the Funding 1 swap provider, may affect the funds available to pay amounts due to the issuer under the intercompany loan.

If any issuer swap is terminated early and a termination payment is due by the issuer to an issuer swap provider, then, pursuant to its obligations under the intercompany loan, Funding 1 shall pay to the issuer an amount equal to the termination payment due to the relevant issuer swap provider less any amount received by the issuer under any replacement issuer swap agreement. These payments will be made by Funding 1 only after paying interest amounts due on the term advances and after providing for any debit balance on the principal deficiency ledger. The issuer shall apply amounts received from Funding 1 under the intercompany loan in accordance with the issuer pre-enforcement revenue priority of payments or, as the case may be, the issuer post-enforcement priority of payments. Amounts received by the issuer in respect of excess swap collateral, swap collateral, swap tax credits and amounts received from a replacement swap provider for entering into a replacement issuer swap agreement shall not be applied in accordance with the issuer pre-enforcement revenue priority of payments or, as the case may be, the issuer post-enforcement priority of payments. The application by the issuer of termination payments due to an issuer swap provider may affect the funds available to pay amounts due to the noteholders (see further "**Risk Factors—Termination payments on the issuer swaps may adversely affect the funds available to make payments on your notes**").

If the issuer receives a termination payment from an issuer currency swap provider, then the issuer shall use those funds towards meeting its costs in effecting currency exchanges at the applicable spot rate of exchange until a replacement issuer currency swap is entered into and/or to acquire a replacement issuer currency swap.

Noteholders will not receive extra amounts (over and above interest and principal payable on the notes) as a result of the issuer receiving a termination payment.

In the event that any 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 notes, the issuer cash manager (on behalf of the issuer and the issuer security trustee) shall procure the purchase of a replacement issuer swap in respect of that series and class (or sub-class) of notes. Any replacement issuer swap must be entered into on terms acceptable to the rating agencies, the issuer and the issuer security trustee and with a replacement swap provider whom the rating agencies have previously confirmed in writing to the issuer and the issuer security trustee will not cause the then current ratings of the rated notes to be downgraded, withdrawn or qualified. If the issuer is unable to enter into a replacement issuer swap on terms acceptable to the rating agencies, the issuer and the issuer security trustee, this may adversely affect amounts available to pay amounts due under the notes.

Transfer of the swaps

Each swap provider may, subject to certain conditions specified in the relevant swap agreement, including (without limitation) the satisfaction of certain requirements of the rating agencies and giving prior written notice to the issuer (in the case of an issuer swap) or Funding 1 (in the case of a Funding 1 swap), transfer its obligations under any of the swaps to another entity.

Taxation

Neither Funding 1 nor the issuer is obliged under any of the swaps to gross up payments made by them if withholding taxes are imposed on payments made under a Funding 1 swap or the issuer swaps.

Each swap provider will generally be obliged to gross up payments made by it to Funding 1 or the issuer, as appropriate, if withholding taxes are imposed on payments made under a Funding 1 swap or the issuer swaps save where such payments are imposed pursuant to FATCA. However, if an issuer swap provider is required to gross up a payment under an issuer swap due to a change in law the relevant issuer swap provider may be able to terminate the relevant issuer swaps.

Governing law

The Funding 1 swap agreement is and each of the issuer swap agreements and any non-contractual obligations arising out of or in connection with them are and will be, governed by English law.

OTHER AGREEMENTS

This section contains a summary of the terms of the post-enforcement call option agreement, the corporate services agreements and other agreements.

Post-enforcement call option agreement

The post-enforcement call option agreement was entered into between the note trustee, as trustee for and on behalf of the noteholders, the issuer security trustee, the issuer and the post-enforcement call option holder and applied to notes issued prior to 22 October 2010. The terms of the option require, upon exercise of the option by the post-enforcement call option holder following the enforcement of the issuer security pursuant to the issuer deed of charge and application of the proceeds thereof, the transfer to the post-enforcement call option holder of all of the notes. Holders of notes issued prior to 22 October 2010 were bound by the terms of their notes to transfer their notes to the post-enforcement call option holder in these circumstances. Such noteholders will be paid a nominal amount only for that transfer.

Holders of notes issued on or after 22 October 2010 are not bound by the terms of such notes to transfer such notes to the post-enforcement call option holder in such circumstances. In relation to notes issued after 22 October 2010, as such notes will be subject to the limited recourse provisions of Condition 10.2 whereby all obligations of the issuer to the holders of such notes are limited in recourse to the property, assets and undertakings of the issuer which are the subject of any security created by the issuer deed of charge. As a result, if there are no such assets remaining which are capable of being realised or otherwise converted into cash and following application of such amounts in accordance with the issuer deed of charge there are insufficient amounts available to pay in full amounts outstanding under such notes, then noteholders shall in respect of such notes have no further claim against the issuer in respect of any amounts owing to them which remain unpaid and such unpaid amounts shall be deemed to be discharged in full and any relevant payment rights shall be deemed to cease.

Corporate services agreements

The issuer, Funding 1, the mortgages trustee, the post-enforcement call option holder and Holdings entered into corporate services agreements with the relevant corporate services provider on the programme closing date. Pursuant to each corporate services agreement, the relevant corporate services provider has agreed to provide corporate services to each of the entities.

The corporate services agreements are governed by English law.

The remarketing agreement

If money market notes are designated as remarketable notes in the applicable final terms (or, in the case of exempt notes, the applicable pricing supplement), the issuer will enter into an agreement (the **remarketing agreement**) pursuant to which it will appoint the remarketing agent specified in a drawdown prospectus to act as its agent and to use its reasonable efforts to identify third party purchasers for such remarketable notes on each mandatory transfer date prior to the occurrence of a mandatory transfer termination event. Any amounts paid to the remarketing agent by any third party or the conditional purchaser for the remarketable notes as part of the mandatory transfer will be held by the remarketing agent as fiduciary for the relevant purchaser.

To facilitate the transfer of interests in the remarketable notes as part of the mandatory transfer, the remarketing agent may appoint a tender agent (the **tender agent**) specified in a drawdown prospectus for the purpose of arranging delivery and payment by and to holders of the remarketable notes on the relevant mandatory transfer date. No further action will be required by such noteholders for the transfer of the remarketable notes to or for the account of the remarketing agent.

Prior to each mandatory transfer date which is prior to the occurrence of a mandatory transfer termination event, subject to the occurrence of a remarketing termination event (as defined below) being then outstanding, the remarketing agent will approach potential investors with a view to procuring purchasers for the remarketable notes on the relevant mandatory transfer date. The remarketing agent will seek bids from investors for the margin to apply to the remarketable notes from the relevant mandatory transfer date. If there is one or more third parties willing to purchase in aggregate all the outstanding remarketable notes of the relevant series and class, the margin on all the remarketable notes of that series and class will be reset to an amount (not greater than the maximum reset margin) (the **reset margin**) being the lowest margin at which all such remarketable notes will be purchased by third parties as determined by the remarketing agent. If all of such remarketable notes cannot be placed with third parties, the margin will be reset to the maximum reset margin. The conditional purchaser will be obliged to purchase any such remarketable notes not otherwise purchased by third parties. If a remarketing termination event occurs, the reset margin will equal the maximum reset margin.

The issuer may terminate the remarketing agreement in certain circumstances, including where the remarketing agent becomes insolvent, no longer has the requisite authority or ability to act in accordance with the terms of the remarketing agreement or a material breach of warranty or covenant remains outstanding under the remarketing agreement.

The remarketing agent will have the right to terminate the remarketing agreement and will have no further obligations thereunder in certain circumstances, including where a note event of default has occurred and is continuing, there has been an event beyond the control of the remarketing agent or the issuer as a result of which the remarketing agent is unable to perform its obligations under the remarketing agreement or which in the reasonable opinion of the remarketing agent represents a material market change affecting the relevant remarketable note, the issuer is in material breach of any representations and warranties given by it in the conditional purchase agreement as at the closing date of the relevant remarketable notes, the requirements of Rule 2a-7 under the Investment Company Act in respect of the eligibility of such remarketable notes have changed since the closing date of such notes or a mandatory transfer termination event occurs. The occurrence of any of these events or a termination by the issuer pursuant to the previous paragraph where an alternative remarketing agent has not yet been appointed upon delivery of a notice from the remarketing agent to the issuer and the principal paying agent giving notice of termination is a **remarketing termination event**. The occurrence of a remarketing termination event does not affect the obligations of the conditional purchaser under the conditional purchase agreement (unless there has been a mandatory transfer termination event or a note event of default that is continuing).

A **mandatory transfer termination event** will occur if the conditional purchaser has purchased all the relevant remarketable notes under the terms of a mandatory transfer and the remarketing agent has confirmed such purchase or the tender agent has confirmed the interest in such remarketable notes has been transferred to the name or account of, or on behalf of, the conditional purchaser (either being a **conditional purchaser confirmation**), the confirmation in either case being given in writing to the issuer and the principal paying agent. If a conditional purchaser confirmation has been given with respect to any remarketable notes, the issuer will not be obliged to procure any subsequent purchasers of such remarketable notes and the remarketing agent will not be obliged to further remarket such notes.

The maturity purchase deed

If a series and class (or sub-class) of notes is designated as maturity purchase notes in the applicable final terms (or, in the case of exempt notes, the applicable pricing supplement), the issuer will enter into an agreement (the **maturity purchase deed**) with the maturity purchaser specified in a drawdown prospectus. If the issuer fails to redeem any of those maturity purchase notes in full on the expected maturity date for such notes (or within 3 business days thereof) then, under the purchase arrangements referred to in Condition 5.8 and the maturity purchase deed, the maturity purchaser will be required to purchase on the transfer date for such notes, at the maturity purchase price for such notes, all of the outstanding maturity purchase notes in respect of which a valid transfer instruction has been delivered

to the relevant clearing system, provided that no note event of default has occurred which is continuing on the transfer date (the **maturity purchase commitment**).

See further "**Overview of the notes—Maturity purchase notes**" and Condition 5.8 under "**Terms and conditions of the notes**".

CREDIT STRUCTURE

The notes will be obligations of the issuer only and will not be obligations of, or the responsibility of, or guaranteed by, any other party. However, there are a number of features of the transaction which enhance the likelihood of timely receipt of payments to noteholders, as follows:

- a shortfall in Funding 1 available revenue receipts may be met from Funding 1 available principal receipts;

- a general reserve fund has been established to help meet shortfalls in principal due on the original bullet term advances and original scheduled amortisation term advances in the circumstances described below;

- the general reserve fund may also be used to help meet any deficit in Funding 1 available revenue receipts available for payment of interest and fees due under the intercompany loan agreement and to help meet any deficit on the principal deficiency ledger (as described below under "**General reserve fund**");

- Funding 1 will be obliged to establish a liquidity reserve fund (a **Funding 1 liquidity reserve fund**) if the long-term, unsecured, unsubordinated and unguaranteed debt obligations of the seller are rated below A3 by Moody's (unless advance notice in writing of such rating has been provided to Moody's and there being no reduction, qualification or withdrawal by Moody's of the then current ratings of the rated notes as a consequence thereof));

- payments on the class Z notes will be subordinated to payments on the class A notes, the class B notes, the class M notes, the class C notes and the class D notes other than with respect to any amounts which have been credited to a non-monthly term NR advance ledger by Funding 1 to make payments in respect of a non-monthly term NR advance (which amounts shall be applied to make payments in respect of the related class Z notes on the relevant interest payment dates for such notes);

- payments on the class D notes will be subordinated to payments on the class A notes, the class B notes, the class M notes and the class C notes other than with respect to any amounts which have been credited to a non-monthly term BB advance ledger by Funding 1 to make payments in respect of a non-monthly term BB advance (which amounts shall be applied to make payments in respect of the related class D notes on the relevant interest payment dates for such notes);

- payments on the class C notes will be subordinated to payments on the class A notes, the class B notes and the class M notes other than with respect to any amounts which have been credited to a non-monthly term BBB advance ledger by Funding 1 to make payments in respect of a non-monthly term BBB advance (which amounts shall be applied to make payments in respect of the related class C notes on the relevant interest payment dates for such notes);

- payments on the class M notes will be subordinated to payments on the class A notes and the class B notes other than with respect to any amounts which have been credited to a non-monthly term A advance ledger by Funding 1 to make payments in respect of a non-monthly term A advance (which amounts shall be applied to make payments in respect of the related class M notes on the relevant interest payment dates for such notes);

- payments on the class B notes will be subordinated to payments on the class A notes other than with respect to any amounts which have been credited to a non-monthly term AA advance ledger by Funding 1 to make payments in respect of a non-monthly term AA advance (which amounts shall be applied to make payments in respect of the related class B notes on the relevant interest payment dates for such notes);

- the mortgages trustee GIC account and the Funding 1 GIC account each earn interest at a specified rate; and

- on or after the programme closing date, start-up loans may be provided to Funding 1 from time to time to fund the general reserve fund and to meet the costs in connection with the issuance of notes (including any fees payable in connection with any notes which have been issued or re-offered at a discount to par).

Each of these factors is considered more fully in the remainder of this section.

Level of arrears experienced

If the level of arrears of interest payments made by borrowers results in Funding 1 experiencing an income deficit on any Funding 1 payment date, Funding 1 will be able to use the following amounts to cure that income deficit:

- *first,* deferral of payments of interest due on term NR advances as described in "**Distribution of Funding 1 available revenue receipts before intercompany loan acceleration**";

- *second,* amounts standing to the credit of the general reserve fund, as described in "**General reserve fund**";

- *third*, drawings under the Funding 1 liquidity reserve fund, if available, as described in "**Funding 1 liquidity reserve fund**"; and

- *fourth*, principal receipts, if any, as described in "**Use of Funding 1 principal receipts to pay Funding 1 income deficiency**".

Any excess of Funding 1 revenue receipts will be applied on each Funding 1 payment date to the extent described in the Funding 1 pre-enforcement revenue priority of payments, including to extinguish amounts standing to the debit of any principal deficiency ledger and to replenish the reserve funds.

Use of Funding 1 principal receipts to pay Funding 1 income deficiency

On each Funding 1 calculation date, the cash manager will calculate whether there will be an excess or a deficit of Funding 1 available revenue receipts available to pay items (a) to (f) (inclusive), (h), (j), (l) and (n) of the Funding 1 pre-enforcement revenue priority of payments.

If, after the application of amounts standing to the credit of the reserve ledgers (where permitted) there is a deficit, then Funding 1 shall pay or provide for that deficit by first the application of Funding 1 available principal receipts, second, the application of amounts standing to the credit of the non-monthly term advance principal ledgers and, third, the application of any part of the balance of the cash accumulation ledger which is not comprised in Funding 1 available 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**" as well as making a debit in the Funding 1 principal ledger and/or the relevant non-monthly term advance principal ledgers and/or the cash accumulation ledger. Any such entry and debit shall be made and taken into account (including as to which priority of payments shall apply) prior to the application of Funding 1 available principal receipts on the relevant Funding 1 payment date.

Funding 1 may only apply Funding 1 available principal receipts and (as further described below) amounts standing to the credit of the non-monthly term advance principal ledgers towards covering a Funding 1 revenue deficit amount (if any) on:

(a) interest due on the term AA advances, to the extent that, following such application (and, for the avoidance of doubt, following the recording of losses), the debit balance of the AA principal deficiency sub-ledger is in an amount equal to or less than the amount calculated by applying the AA PDL (revenue shortfall) percentage to the outstanding principal amount of the term AA advances;

(b) interest due on the term A advances, to the extent that, following such application (and, for the avoidance of doubt, following the recording of losses), the debit balance of the A principal deficiency sub-ledger is in an amount equal to or less than the amount calculated by applying the A PDL (revenue shortfall) percentage to the outstanding principal amount of the term A advances;

(c) interest due on the term BBB advances, to the extent that, following such application (and, for the avoidance of doubt, following the recording of losses), the debit balance of the BBB principal deficiency sub-ledger is in an amount equal to or less than the amount calculated by applying the BBB PDL (revenue shortfall) percentage to the outstanding principal amount of the term BBB advances; and

(d) interest due on the term BB advances, to the extent that, following such application (and, for the avoidance of doubt, following the recording of losses), the debit balance of the BB principal deficiency sub-ledger is in an amount equal to or less than the amount calculated by applying the BB PDL (revenue shortfall) percentage to the outstanding principal amount of the term BB advances;

Funding 1 will apply amounts standing to the credit of the Funding 1 non-monthly term advance principal ledgers towards covering a Funding 1 revenue deficit amount (if any) in the following order:

(a) *first*, in an amount up to the aggregate balance on the non-monthly term NR advance principal ledgers applied *pro rata* from each non-monthly term NR advance principal ledger;

(b) *second*, in an amount up to the aggregate balance on the non-monthly term BB advance principal ledgers (applied *pro rata* from each non-monthly term BB advance principal ledger);

(c) *third*, in an amount up to the aggregate balance on the non-monthly term BBB advance principal ledgers (applied *pro rata* from each non-monthly term BBB advance principal ledger);

(d) *fourth*, in an amount up to the aggregate balance on the non-monthly term A advance principal ledgers (applied *pro rata* from each non-monthly term A advance principal ledger);

(e) *fifth*, in an amount up to the aggregate balance on the non-monthly term AA advance principal ledgers (applied *pro rata* from each non-monthly term AA advance principal ledger); and

(f) *sixth*, in an amount up to the aggregate balance on the non-monthly term AAA advance principal ledgers (applied *pro rata* from each non-monthly term AAA advance principal ledger),

and the cash manager shall make a corresponding debit entry in each relevant non-monthly term advance principal ledger.

On the issuance of a series of notes, the applicable final terms (or, in the case of exempt notes, the applicable pricing supplement) will specify the **AA PDL (revenue shortfall) percentage** in relation to all notes then outstanding, the **A PDL (revenue shortfall**) **percentage** in relation to all notes then outstanding the **BBB PDL (revenue shortfall**) **percentage** in relation to all notes then outstanding and the **BB PDL (revenue shortfall**) **percentage** in relation to all notes then outstanding. Each of the above percentages may be changed on the date of issuance of a further series of notes (without the consent of the noteholders) provided that the issuance tests are satisfied in relation to the issuance of such series of notes (or otherwise waived by the note trustee) and further provided that each such percentage may not be less than 50%.

Funding 1 principal receipts may not be used to pay interest on any term advances 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 term advance with a higher rating designation.

General reserve fund

A general reserve fund has been established:

- to help meet any deficit in Funding 1 available revenue receipts available for payment of interest due on term advances (other than term NR advances) and fees due under the intercompany loan agreement (and any other intercompany loan agreement) and to help meet any deficit recorded on the principal deficiency ledger (other than any deficit caused by a debit balance on the NR principal deficiency sub-ledger except on the final Funding 1 payment date), in each case provided that such amounts are due or required to be paid (i) prior to the final Funding 1 payment date, under items (a) to (p) (inclusive) of the Funding 1 pre-enforcement revenue priority of payments, (ii) on the final Funding 1 payment date, under items (a) to (p) (inclusive) and items (s) to (x) (inclusive) of the Funding 1 pre-enforcement revenue priority of payments, and (iii) following the service of an intercompany loan acceleration notice on Funding 1, items (a) to (l) (inclusive) of the Funding 1 post-enforcement priority of payments; and

- to help meet any deficit in Funding 1 available principal receipts available for:

  (a) prior to the occurrence of a trigger event;

    (i) repayments of principal which are then due and payable in respect of the original bullet term advances; and

    (ii) repayments of principal in respect of original scheduled amortisation term advances on their respective final maturity dates or on such other dates as may be specified in the applicable final terms (or, in the case of exempt notes, the applicable pricing supplement); and

  (b) on or after the occurrence of a trigger event, repayments of principal in respect of original bullet term advances and original scheduled amortisation term advances on their respective final maturity dates only,

  (each a **Funding 1 reserve principal payment**)

  in each case prior to the service of an intercompany loan acceleration notice on Funding 1.

If after application of the Funding 1 pre-enforcement revenue priority of payments and the Funding 1 pre-enforcement principal priority of payments, there remains a shortfall in items (a) to (p) (inclusive) of the Funding 1 pre-enforcement revenue priority of payments and the general reserve fund has amounts credited to it, then the balance of the general reserve fund shall be reapplied in accordance with the Funding 1 pre-enforcement revenue priority of payments.

The general reserve fund will be funded and replenished from:

- Funding 1 available revenue receipts in accordance with item (q) of the Funding 1 pre-enforcement revenue priority of payments up to an amount equal to the Funding 1 reserve required amount (see "**Cashflows—Distribution of Funding 1 available revenue receipts before intercompany loan acceleration**");

- Funding 1 available principal receipts to the extent applied in making Funding 1 reserve principal payments; and

- start-up term advances provided to Funding 1 from time to time to fund the general reserve fund pursuant to the terms of the start-up loan agreement.

The general reserve fund is utilised and replenished in the following order:

(i) utilised to make up shortfalls in items (a) to (p) (inclusive) of the Funding 1 pre-enforcement revenue priority of payments;

(ii) replenished from the Funding 1 available principal receipts;

(iii) replenished from the remaining Funding 1 available revenue receipts;

(iv) utilised again to make up any remaining shortfalls in items (a) to (p) (inclusive) of the Funding 1 pre-enforcement revenue priority of payments; and

(v) utilised to make the Funding 1 reserve principal payments.

Following the occurrence of an arrears or step-up trigger event, the general reserve fund will be funded and replenished from any Funding 1 available revenue receipts to be paid in accordance with item (q) of the Funding 1 pre-enforcement revenue priority of payments up to and including an amount equal to the sum of the Funding 1 reserve required amount and: (a) if an arrears or step-up trigger event has occurred under item (i) only of the arrears or step-up trigger event definition, the amount specified in relation to such event in the most recent final terms; (b) if an arrears or step-up trigger event has occurred under item (ii) only of the arrears or step-up trigger event definition, the amount specified in relation to such event in the most recent final terms; (c) if an arrears or step-up trigger event has occurred under both items (i) and (ii) of the arrears or step-up trigger event definition, the amount specified in relation to such event in the most recent final terms.

If an arrears or step-up trigger event has occurred under item (i), item (ii) or items (i) and (ii) of the definition of arrears or step-up trigger event and such event(s) have been cured, the general reserve fund will be reduced by the applicable amount specified in relation to such event(s) in the most recent final terms and the amount of such reduction will constitute Funding 1 available revenue receipts. For these purposes "cured" means that the event giving rise to the arrears or step-up trigger event is no longer in existence;

An **arrears or step-up trigger event** occurs when (i) the aggregate true balance of the loans in the mortgages trust in arrears by more than 3 times the monthly payments then due divided by the aggregate true balance of all the loans in the mortgages trust (expressed as a percentage) exceeds 3%, or (ii) if the issuer fails to exercise its option to redeem any of its notes on the relevant step-up date pursuant to the terms and conditions of such notes.

The **Funding 1 reserve required amount** as at any date and subject to amendment as described below will be the amount specified as such in the most recent final terms.

Funding 1 may adjust, at any time, the Funding 1 reserve required amount without the consent of noteholders so long as the Funding 1 security trustee and Funding 1 obtain confirmation from S&P that such adjustments will not cause a reduction, qualification or withdrawal of the ratings of the then current rated notes (and advance notice in writing of such adjustments has been provided to Moody's and Fitch and there being no reduction, qualification or withdrawal by Moody's or Fitch of the then current ratings of the rated notes as a consequence thereof) (provided that such confirmation from S&P shall not be required to the extent such rating agency does not maintain a rating of any notes which are outstanding).

A general reserve ledger is maintained by the cash manager to record the balance from time to time of the general reserve fund.

Principal deficiency ledger

A principal deficiency ledger has been established to record:

- on each trust calculation date, any principal losses on the loans allocated to Funding 1; and/or
- on each Funding 1 payment date, any application of Funding 1 available principal receipts to meet any deficiency in Funding 1 available revenue receipts (as described in "**Use of Funding 1 principal receipts to pay Funding 1 income deficiency**"); and/or
- the application of Funding 1 available principal receipts which are allocated to fund the Funding 1 liquidity reserve fund required amount; and/or
- if amounts standing to the credit of the Funding 1 collateralised GIC account cannot be withdrawn from such account, the sum of (1) any shortfall between the relevant Funding 1 designated collateral amount and the amount received upon realisation of the Funding 1 custody collateral, and (2) the relevant Funding 1 designated term NR GIC collateral advance amount (provided, that any such amounts subsequently recovered shall be credited to the Funding 1 principal deficiency ledger to the extent there are Funding 1 available revenue receipts available for that purpose).

The principal deficiency ledger is split into six sub-ledgers which correspond to each of the term AAA advances, the term AA advances, the term A advances, the term BBB advances, the term BB advances and the term NR advances, respectively.

Losses on the loans and/or the application of Funding 1 available principal receipts, amounts standing to the credit of the non-monthly term advance principal ledgers to pay interest on the term advances and collateral shortfall amounts will be recorded as follows:

- *first*, on the NR principal deficiency sub-ledger until the balance of the NR principal deficiency sub ledger is equal to the aggregate outstanding principal amount of all term NR advances;
- *second*, on the BB principal deficiency sub-ledger until the balance of the BB principal deficiency sub ledger is equal to the aggregate outstanding principal amount of all term BB advances;
- *third*, on the BBB principal deficiency sub-ledger until the balance of the BBB principal deficiency sub-ledger is equal to the aggregate outstanding principal amount of all term BBB advances;
- *fourth*, on the A principal deficiency sub-ledger until the balance of the A principal deficiency sub ledger is equal to the aggregate outstanding principal amount of all term A advances;

- *fifth*, on the AA principal deficiency sub-ledger until the balance of the AA principal deficiency sub ledger is equal to the aggregate outstanding principal amount of all term AA advances; and

- *sixth*, on the AAA principal deficiency sub-ledger.

Following any debit to the AAA principal deficiency sub-ledger, there will be an asset trigger event.

Losses on the loans and/or the application of Funding 1 available principal receipts and amounts standing to the credit of the non-monthly term advance principal ledgers to pay interest on the term advances will not be recorded on the principal deficiency ledger on any day to the extent that the Funding 1 share of the trust property together with amounts standing in aggregate to the credit of the Funding 1 cash accumulation ledger to the extent not included in Funding 1 available principal receipts and the Funding 1 principal ledger is greater than or equal to the aggregate outstanding principal amount of the term advances on that day, after taking account of such losses or the relevant application of principal receipts.

Prior to the service of an intercompany loan acceleration notice on Funding 1, Funding 1 available revenue receipts will be applied on each Funding 1 payment date in the manner and to the extent described in the Funding 1 pre-enforcement revenue priority of payments as follows:

- *first*, in an amount necessary to reduce to zero the balance on the AAA principal deficiency sub ledger;

- *second*, provided that interest due on the term AA 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 term A advances has been paid, in an amount to reduce to zero the balance on the A principal deficiency sub-ledger;

- *fourth*, provided that interest due on the term BBB advances has been paid, in an amount necessary to reduce to zero the balance on the BBB principal deficiency sub-ledger;

- *fifth*, provided that interest due on the term BB advances has been paid, in an amount necessary to reduce to zero the balance on the BB principal deficiency sub-ledger; and

- *sixth*, an amount necessary to reduce to zero the balance on the NR principal deficiency sub-ledger.

See also "**Use of Funding 1 principal receipts to pay Funding 1 income deficiency**".

Issuer available funds

On each Funding 1 payment date in respect of the intercompany loan, the issuer will receive from Funding 1 an amount equal to or less than the amount which it needs to pay out on the corresponding issuer payment date in respect of the notes together with the facility fee (which shall include the issuer profit amount) in accordance with the issuer pre-enforcement principal priority of payments and the issuer pre-enforcement revenue priority of payments. It is not intended that any surplus cash will be accumulated in the issuer subject to and except for amounts in respect of issuer profit amount received on any interest payment date, which will be available for distribution.

Please see also the description of the 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, the class D notes and the class Z notes

Payments of interest on the notes will be prioritised so that interest payments due on the class Z notes on any interest payment date will be subordinated to interest payments on the class D notes, the class C notes, the class M notes, the class B notes and the class A notes due on the same interest payment date, interest payments due on the class D notes on any interest payment date will be subordinated to interest payments on the class C notes, the class M notes, the class B notes and the class A notes due on the same interest payment date, interest payments due on the class C notes on any interest payment date will be subordinated to interest payments on the class M notes, the class B notes and the class A notes due on the same interest payment date, interest payments due on the class M notes on any interest payment date will be subordinated to interest payments on the class B notes and the class A notes due on the same interest payment date and interest payments due on the class B notes on any interest payment date will be subordinated to interest payments on the class A notes on the same interest payment date, in each case in accordance with the applicable issuer priority of payments.

For so long as any series of class A notes is outstanding, any shortfall in payments of interest due on any series of class B notes and/or class M notes and/or class C notes and/or class D notes and/or class Z notes on any interest payment date in respect of such notes will be deferred until the next interest payment date in respect of such notes. On that next interest payment date, the amount of interest due on the relevant class of 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 maturity date of the notes, at which point all amounts will be payable. If there is insufficient money available to the issuer to pay interest on the final maturity date on the class B notes and/or the class M notes and/or the class C notes and/or the class D notes and/or the class Z notes, then you may not receive all interest amounts payable on those classes of notes.

The issuer is not able to defer payments of interest due on any interest payment date in respect of the most senior class of notes then outstanding. The failure to pay interest on such notes is a note event of default.

The class A notes, the class B notes, the class M notes, the class C notes, the class D notes and the class Z notes will be constituted by the note trust deed and will share the same security. However, upon enforcement of the 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, each series of class D 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, each series of class D 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, each series of class D notes and each series of class Z notes; the class C notes of each series will rank in priority to each series of class D notes and each series of class Z notes; the class D notes of each series will rank in priority to each series of class Z notes.

Mortgages trustee GIC account/Funding 1 GIC account

All amounts held by the mortgages trustee are deposited in the mortgages trustee GIC account with the mortgages trustee account bank. Under the mortgages trustee bank account agreement, the mortgages trustee account bank has agreed to pay a variable rate of interest on funds in the mortgages trustee GIC account of 0.15% per annum below the SONIA spot rate (determined as at the first day of each Funding 1 Interest Period).

Amounts held in the collection account do not have the benefit of a guaranteed investment contract but following receipt are transferred into the mortgages trustee GIC account on a regular basis and in any event in the case of direct debits no later than the next London business day after they are deposited in the collection account.

All amounts held by Funding 1 are deposited in the Funding 1 GIC account or the Funding 1 eligible bank GIC account or the Funding 1 collateralised GIC account in the first instance. The Funding 1 GIC account is, and the Funding 1 collateralised GIC account will be, maintained with the Funding 1 account bank. Under the Funding 1 bank account agreement, the Funding 1 account bank has agreed to pay a variable rate of interest on funds in the Funding 1 GIC account and the Funding 1 collateralised GIC account of 0.15% per annum below the SONIA spot rate (determined as at the first day of each Funding 1 Interest Period).

The mortgages trustee account bank and the Funding 1 account bank are required to satisfy certain criteria in order to continue to receive deposits in the mortgages trustee GIC account and the Funding 1 GIC account respectively. These criteria include a requirement that the mortgages trustee account bank have the mortgages trustee account bank required ratings and that the Funding 1 account bank have the Funding 1 account bank required ratings, or where the mortgages trustee account bank or the Funding 1 account bank, as the case may be, ceases to have the minimum ratings, certain other steps prior to a requirement to transfer may be taken by the relevant bank, such as, with respect to the Funding 1 account bank, obtaining a guarantee of its obligations to make payments under the relevant agreement, with respect to the mortgages trustee account bank, opening a standby account with a suitable standby facility mortgages trustee bank, or obtaining confirmation being obtained from the rating agencies that the then current rating of the rated notes would not be adversely affected as a result of such ratings falling below these minimum ratings or the prescribed steps not being taken.

If either the mortgages trustee account bank or the Funding 1 account bank ceases to satisfy these criteria or to take the steps required, then the relevant GIC account may be transferred to another entity which does satisfy these criteria or the mortgages trustee account bank or the Funding 1 account bank, as the case may be, may continue to hold amounts in the mortgages trustee GIC account or to hold Funding 1 deposit non-reserved amounts in the Funding 1 collateralised GIC account, as applicable, provided that, in each case, the mortgages trustee account bank or the Funding 1 account bank, as applicable, provides collateral against the amount standing to the credit of the relevant account in the form of (i) procuring that term NR GIC collateral advances are made by the issuer through increases on the class Z GIC collateral notes; and/or (ii) by posting eligible collateral under the collateral agreement.

Interest shall be paid on the mortgages trustee GIC account, the Funding 1 GIC account and the Funding 1 collateralised GIC account monthly in arrear at a variable rate per annum set at a margin below the SONIA spot rate (determined as at the first day of each interest period). If any amount is standing to the credit of a mortgages trustee bank account (other than the mortgages trustee GIC account) or Funding 1 bank account (other than a Funding 1 GIC account or the Funding 1 collateralised GIC account) overnight, such amount will bear interest at such deposit rate of interest as may be agreed between the mortgages trustee account bank (or, if applicable, the account bank operating the standby mortgages trustee GIC account or the mortgages trustee GIC collateral custody account) and the mortgages trustee or the Funding 1 account bank and Funding 1 (as applicable) from time to time.

Funding 1 liquidity reserve fund

Funding 1 will be required to establish a liquidity reserve fund to the extent of the Funding 1 liquidity reserve fund required amount if, and for as long as, the long-term, unsecured, unsubordinated and unguaranteed debt obligations of the seller are rated below A3 by Moody's (unless advance notice in writing of such rating has been provided to Moody's and there being no reduction, qualification or withdrawal by Moody's of the then current ratings of the rated notes as a consequence thereof)). If, following a subsequent increase in the seller's rating, Funding 1 would no longer be required to maintain the Funding 1 liquidity reserve fund, then Funding 1 at its option may terminate the Funding 1 liquidity reserve fund, and all amounts standing to the credit of the Funding 1 liquidity reserve ledger will then be treated as Funding 1 available revenue receipts for the next Funding 1 payment date (or Funding 1 available principal receipts as applicable). In addition, following a reduction in the Funding 1 liquidity reserve fund required amount, amounts standing to the credit of the Funding 1 liquidity reserve ledger in excess of the Funding 1 liquidity reserve fund required amount will then be treated as Funding 1

available revenue receipts for the next Funding 1 payment date or Funding 1 available principal receipts to the extent the liquidity reserve fund has been funded from the Funding 1 available principal receipts.

Prior to enforcement of the Funding 1 security, the Funding 1 liquidity reserve fund may be used:

- to help meet any deficit in Funding 1 available revenue receipts available for payment of interest due on term advances (other than term NR advances except on the final Funding 1 payment date) and fees due under the intercompany loan agreement, in each case provided that such amounts are due or required to be paid (i) prior to the final Funding 1 payment date, under items (a) to (p) (inclusive) of the Funding 1 pre-enforcement revenue priority of payments and (ii) on the final Funding 1 payment date, under items (a) to (p) (inclusive) and items (s) to (x) (inclusive) of the Funding 1 pre-enforcement revenue priority of payments; and

- to help meet any deficit in Funding 1 available principal receipts available for:

  (a) prior to the occurrence of a trigger event;

    (i) repayments of principal which are then due and payable in respect of the original bullet term advances; and

    (ii) repayments of principal in respect of original scheduled amortisation term advances on their respective final repayment dates only; and

  (b) on or after the occurrence of a trigger event, repayments of principal in respect of original bullet term advances and original scheduled amortisation term advances on their respective final repayment dates only,

  (each a **Funding 1 liquidity reserve principal payment**),

  in each case prior to the service of an intercompany loan acceleration notice on Funding 1.

The Funding 1 liquidity reserve fund, if required to be funded, will be funded initially from Funding 1 available principal receipts or (if insufficient funds are available therefrom) from Funding 1 available revenue receipts in accordance with the Funding 1 pre-enforcement principal priority of payments or Funding 1 pre-enforcement revenue priority of payments, as applicable. The Funding 1 liquidity reserve fund will be deposited in Funding 1's name in the Funding 1 GIC account. All interest or income accrued on the amount of the Funding 1 liquidity reserve fund while on deposit in the Funding 1 GIC account will belong to Funding 1. The cash manager will maintain a separate Funding 1 liquidity reserve ledger to record the balance from time to time of the Funding 1 liquidity reserve fund.

The Funding 1 liquidity reserve fund (if any) will be funded and replenished up to and including an amount equal to the Funding 1 liquidity reserve fund required amount on Funding 1 payment dates from Funding 1 available revenue receipts at item (r) of the Funding 1 pre-enforcement revenue priority of payments and from Funding 1 available principal receipts at item (b) of the relevant Funding 1 pre-enforcement principal priority of payments.

The **Funding 1 liquidity reserve fund required amount** is an amount as at any Funding 1 payment date equal to the excess (if any) of 3% of the aggregate principal amount outstanding of the notes on that Funding 1 payment date over the aggregate of amounts standing to the credit of the Funding 1 reserve fund on that Funding 1 payment date after payments under the applicable priorities of payment have been made on such Funding 1 payment date.

The Funding 1 liquidity reserve fund is utilised and replenished in the following order:

(i) utilised to make up shortfalls in items (a) to (f) (inclusive), (h), (j), (l) and (n) of the Funding 1 pre-enforcement revenue priority of payments;

(ii) replenished from the Funding 1 available revenue receipts (item (r) of the Funding 1 pre-enforcement revenue priority of payments);

(iii) replenished from the Funding 1 available principal receipts (item (b) of the Funding 1 pre-enforcement principal priority of payments);

(iv) utilised to make the Funding 1 reserve principal payments.

Following enforcement of the Funding 1 security, amounts standing to the credit of the Funding 1 liquidity reserve ledger may be applied in making payments of principal due under the term advances.

Start-up loan agreements

For a summary of the material terms of the start-up loan agreements, see "**The start-up loan agreement**".

CASHFLOWS

Definition of Funding 1 available revenue receipts

Funding 1 available revenue receipts for a Funding 1 payment date will be calculated by the cash manager on the Funding 1 calculation date immediately prior thereto and will be an amount equal to the sum of:

(a) all mortgages trust available revenue receipts distributed or to be distributed to Funding 1 during the then current Funding 1 interest period;

(b) other net income of Funding 1, including all amounts of interest received on the Funding 1 bank accounts (other than the Funding 1 swap collateral cash account and the Funding 1 GIC collateral custody account) and/or authorised investments (other than authorised investments made from amounts standing to the credit of the Funding 1 swap collateral cash account and the Funding 1 GIC collateral custody account) in each case, either received or to be received during the then current Funding 1 interest period;

(c) amounts to be received by Funding 1 on the relevant Funding 1 payment date under the Funding 1 swap agreement (other than any early termination amount received by Funding 1 and applied or to be applied by Funding 1 to purchase one or more replacement basis swaps, principal amounts and any Funding 1 swap collateral excluded amounts);

(d) the amounts then standing to the credit of the general reserve ledger, subject to the limits or conditions on the purposes for which the general reserve fund may be utilised, plus any amounts which will be credited to the general reserve ledger under item (a) of the relevant Funding 1 pre enforcement principal priority of payments on such Funding 1 payment date;

(e) if a Funding 1 liquidity reserve fund rating event has occurred and is continuing, and there are no amounts standing to the credit of the general reserve ledger, the amounts then standing to the credit of the Funding 1 liquidity reserve ledger and available to be drawn, to the extent necessary to pay (or, as appropriate, to be applied to) the items in paragraphs (a) to (f) (inclusive), (h), (j), (l) and (n) in the Funding 1 pre-enforcement revenue priority of payments;

(f) if a Funding 1 liquidity reserve fund rating event has occurred but is no longer continuing due to an increase in the seller's rating since the preceding Funding 1 payment date, and Funding 1 elects to terminate the Funding 1 liquidity reserve fund, all amounts standing to the credit of the Funding 1 liquidity reserve ledger;

(g) any amounts standing to the credit of the Funding 1 liquidity reserve ledger in excess of the Funding 1 liquidity reserve fund required amount as a result of a reduction in the Funding 1 liquidity reserve fund required amount;

(h) (only to the extent required after making the calculation set out below) the aggregate of all Funding 1 principal receipts (if any) which are applied on the relevant Funding 1 payment date to pay or provide for up to the applicable limits items (a) to (f) (inclusive), (h), (j), (l) and (n) of the Funding 1 pre enforcement revenue priority of payments;

(i) the amount (if any) standing to the credit of the general reserve fund ledger in excess of the Funding 1 reserve required amount following the curing of an arrears or step-up trigger event (after provision for item (d) above), but, for the avoidance of doubt,

excluding any Funding 1 profit amount retained by Funding 1 on any Funding 1 payment date; and

(j) any amounts subsequently recovered in respect of amounts credited to the Funding 1 collateralised GIC account which were previously not capable of being withdrawn and ceased being Funding 1 available principal receipts or Funding 1 available revenue receipts,

provided that revenue amounts and amounts of interest accrued in respect of amounts which cannot be withdrawn from the Funding 1 collateralised GIC account (including, without limitation, in the event of a moratorium on insolvency, bank insolvency, administration or bank administration of Nationwide or it being unable to pay these amounts) shall cease to constitute Funding 1 available revenue receipts; provided further, that any amounts subsequently recovered in respect of such revenue amounts and amounts of interest from realisation of the related eligible collateral shall constitute Funding 1 available revenue receipts.

Funding 1 available revenue receipts does not include:

- any refinancing contribution which is applied to reduce the Funding 1 share of the trust property during the then current Funding 1 interest period as described in "**The Mortgages Trust—Refinancing distributions**".

- any proceeds of a new term advance received by Funding 1 during the then current Funding 1 interest period.

- any amounts then standing to the credit of a non-monthly term advance revenue ledger.

Calculation of sufficiency of Funding 1 available revenue receipts

On each Funding 1 calculation date, the cash manager will calculate whether Funding 1 available revenue receipts (as calculated above) will be sufficient to pay or to provide for payment to items (a) to (f) (inclusive), (h), (j), (l) and (n) of the Funding 1 pre-enforcement revenue priority of payments on the immediately succeeding Funding 1 payment date. If the cash manager determines that there is an insufficiency in the amount of Funding 1 available revenue receipts (ignoring amounts in item (h) of the definition of Funding 1 available revenue receipts) available to pay items (a) to (f) (inclusive), (h), (j), (l) and (n) of the Funding 1 pre-enforcement revenue priority of payments (the amount of the deficit being the **Funding 1 revenue deficit amount**), then Funding 1 shall pay or provide for that Funding 1 revenue deficit amount by applying amounts which constitute Funding 1 principal receipts (if any) and amounts credited to the non-monthly term advance principal ledgers (if any) up to the applicable limit to cover the deficit and the cash manager shall make a corresponding entry first, against the Funding 1 principal ledger and second, if the amounts standing to the credit of the Funding 1 principal ledger are insufficient to cover the Funding 1 revenue deficit amount, against amounts (if any) credited to the non-monthly term advance principal ledgers and third, if the amount standing to the credit of the Funding 1 principal ledger and the non-monthly term advance principal ledgers are insufficient to cover the Funding 1 revenue deficit amount, against amounts (if any) credited to the cash accumulation ledger, and the cash manager shall make a corresponding entry in the relevant principal deficiency sub ledger and, to the extent debited, the Funding 1 principal ledger, each relevant non-monthly term advance principal ledgers and/or the cash accumulation ledger. See further "**Credit Structure—Principal deficiency ledger**" and "**Use of Funding 1 principal receipts to pay Funding 1 income deficiency**".

Funding 1 may only apply Funding 1 principal receipts and (as further described below) amounts standing to the credit of the Funding 1 non-monthly term advance principal ledgers towards covering a Funding 1 revenue deficit amount (if any) on:

- interest due on the term AA advances, to the extent that, following such application (and, for the avoidance of doubt, following the recording of losses), the debit balance of the AA principal deficiency sub-ledger is in an amount equal to or less than the amount calculated by applying the AA PDL (revenue shortfall) percentage to the outstanding principal amount of the term AA advances;

- interest due on the term A advances, to the extent that, following such application (and, for the avoidance of doubt, following the recording of losses), the debit balance of the A principal deficiency sub-ledger is in an amount equal to or less than the amount calculated by applying the A PDL (revenue shortfall) percentage to the outstanding principal amount of the term A advances;

- interest due on the term BBB advances, to the extent that, following such application (and, for the avoidance of doubt, following the recording of losses), the debit balance of the BBB principal deficiency sub-ledger is in an amount equal to or less than the amount calculated by applying the BBB PDL (revenue shortfall) percentage to the outstanding principal amount of the term BBB advances;

- interest due on the term BB advances, to the extent that, following such application (and, for the avoidance of doubt, following the recording of losses), the debit balance of the BB principal deficiency sub-ledger is in an amount equal to or less than the amount calculated by applying the BB PDL (revenue shortfall) percentage to the outstanding principal amount of the term BB advances;

Funding 1 will apply amounts standing to the credit of the non-monthly term advance principal ledgers towards covering a Funding 1 revenue deficit amount (if any) in the following order:

(a) *first*, in an amount up to the aggregate balance on the non-monthly term NR advance principal ledgers applied *pro rata* from each non-monthly term NR advance principal ledger;

(b) *second*, in an amount up to the aggregate balance on the non-monthly term BB advance principal ledgers (applied *pro rata* from each non-monthly term BB advance principal ledger);

(c) *third*, in an amount up to the aggregate balance on the non-monthly term BBB advance principal ledgers (applied *pro rata* from each non-monthly term BBB advance principal ledger);

(d) *fourth*, in an amount up to the aggregate balance on the non-monthly term A advance principal ledgers (applied *pro rata* from each non-monthly term A advance principal ledger);

(e) *fifth*, in an amount up to the aggregate balance on the non-monthly term AA advance principal ledgers (applied *pro rata* from each non-monthly term AA advance principal ledger); and

(f) *sixth*, in an amount up to the aggregate balance on the non-monthly term AAA advance principal ledgers (applied *pro rata* from each non-monthly term AAA advance principal ledger),

and the cash manager shall make a corresponding debit entry in each relevant non-monthly term advance principal ledger.

Subject as provided above, Funding 1 principal receipts thus applied may not be used to pay or provide for 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.

If, as at a Funding 1 calculation date, the cash manager determines that there is an excess of Funding 1 available revenue receipts over the amount required to pay or provide for the specified items in the Funding 1 pre-enforcement revenue priority of payments, then Funding 1 shall apply such excess to extinguish any balance on the principal deficiency ledger after having utilised amounts available in the general reserve fund, as described in "**Credit Structure—Principal deficiency ledger**".

Distribution of Funding 1 available revenue receipts before intercompany loan acceleration

This section sets out the priority of payments of Funding 1 available revenue receipts as at the date hereof.

Except for amounts due to the issuer under item (b) below (corresponding to items (d) and (e) of the issuer pre enforcement revenue priority of payments), amounts due to third parties by Funding 1 under item (c) below and amounts due to the Funding 1 account bank under item (d)(i) below, each of which will be paid when due, on each Funding 1 payment date prior to the service of an intercompany loan acceleration notice on Funding 1, the cash manager will apply (i) the Funding 1 available revenue receipts for such date and (ii) if Funding 1 available revenue receipts for such date are insufficient to pay or to provide for payments to items (a) to (f) (inclusive) ,(h), (j), (l) and (n), amounts standing to the credit of the Funding 1 principal ledger and the cash accumulation ledger (to the extent set out in and in the manner described above) in the following priority (the **Funding 1 pre-enforcement revenue priority of payments**):

(a) to pay amounts due to the Funding 1 security trustee (including 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 Funding 1 interest period to the Funding 1 security trustee under the Funding 1 deed of charge;

(b) to pay amounts due to the issuer equal to items (a) to (e) inclusive of the issuer pre enforcement revenue priority of payments or, as the case may be, items (a) to (d) (inclusive) of the issuer post-enforcement priority of payments (which amounts are payable by Funding 1 to the issuer as part of the facility fee payable pursuant to the intercompany loan agreement and which may, except for the issuer profit amount, at the direction of the issuer, be paid directly to the relevant third parties);

(c) without priority among them but in proportion to the respective amounts due to pay amounts due to any third party creditors of Funding 1 (other than those referred to elsewhere in this priority of payments or in the Funding 1 pre-enforcement principal priority of payments), which amounts have been incurred without breach by Funding 1 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 Funding 1 interest period by Funding 1;

(d) without priority among them but in proportion to the respective amounts due:

(i) towards payment of amounts (including interest and any amount in respect of VAT on those amounts), if any, due and payable to the Funding 1 account bank under the terms of the Funding 1 bank account agreement; and

(ii) towards payment of amounts, if any, due and payable to the Funding 1 corporate services provider under the Funding 1 corporate services agreement

and the holdings corporate services provider under the holdings corporate services agreement;

(e) towards payment of all amounts (if any) due and payable to the Funding 1 swap provider under the Funding 1 swap agreement (including termination payments but excluding any Funding 1 swap excluded termination amount);

(f) without priority among them, but in proportion to: (aa) for each monthly term AAA advance, the amount of interest (and, if applicable, step-up amount) due and payable on such Funding 1 payment date in respect of such monthly term AAA advance; and (bb) for each non-monthly term AAA advance, the amount calculated as required to be credited to the non-monthly term AAA advance revenue ledger in respect of such non-monthly term AAA advance for such Funding 1 payment date in accordance with items (ii) or (iii) below (as applicable):

(i) for each monthly term AAA advance, towards payment of interest (and, if applicable, step up amount) due and payable on such monthly term AAA advance on such Funding 1 payment date; and

(ii) for each non-monthly term AAA advance where no amount of interest is due and payable on such Funding 1 payment date, towards a credit to the non-monthly term AAA advance revenue ledger for such non-monthly term AAA advance in an amount, calculated by the cash manager on the immediately preceding Funding 1 calculation date in respect of such non-monthly term AAA advance, in accordance with the following formula:

$$(I \times 1/IP) + S$$

where:

I = the amount of interest (and, if applicable, step-up amount) due and payable in respect of such non-monthly term AAA advance on the next following interest payment date for such non-monthly term AAA advance; and

IP = the number of months in the interest period for such non monthly term AAA advance; and

S = the amount calculated in accordance with the above formula in respect of such non-monthly term AAA advance for the immediately preceding Funding 1 payment date that was not credited to the non-monthly term AAA advance revenue ledger on such immediately preceding Funding 1 payment date,

provided always that the aggregate amount credited to the non-monthly term AAA advance revenue ledger for a non-monthly term AAA advance may not exceed, on any date, in respect of any non-monthly term AAA advance, the amount of interest (and, if applicable, step-up amount) due and payable in respect of such non-monthly term AAA advance on the next following interest payment date for such non-monthly term AAA advance; and

(iii) for each non-monthly term AAA advance where interest (and, if applicable, step-up amount) is due and payable on such Funding 1 payment date,

towards payment of such interest (and, if applicable, step-up amount) due and payable on such Funding 1 payment date less any amounts standing to the credit of the non-monthly term AAA advance revenue ledger for such non-monthly term AAA advance and which are to be applied in payment of such interest on such Funding 1 payment date; and

(g) towards a credit to the AAA principal deficiency sub-ledger in an amount sufficient to eliminate any debit on that ledger;

(h) without priority among them, but in proportion to: (aa) for each monthly term AA advance, the amount of interest (and, if applicable, step-up amount) due and payable on such Funding 1 payment date in respect of such monthly term AA advance; and (bb) for each non-monthly term AA advance, the amount calculated as required to be credited to the non-monthly term AA advance revenue ledger in respect of such non-monthly term AA advance for such Funding 1 payment date in accordance with items (ii) or (iii) below (as applicable):

(i) for each monthly term AA advance, towards payment of interest (and, if applicable, step-up amount) due and payable on such monthly term AA advance on such Funding 1 payment date;

(ii) for each non-monthly term AA advance where no amount of interest is due and payable on such Funding 1 payment date, towards a credit to the non-monthly term AA advance revenue ledger for such non-monthly term AA advance in an amount, calculated by the cash manager on the immediately preceding Funding 1 calculation date in respect of such non monthly term AA advance, in accordance with the following formula:

$$(I \times 1/IP) + S$$

where:

I = the amount of interest (and, if applicable, step-up amount) due and payable in respect of such non-monthly term AA advance on the next following interest payment date for such non-monthly term AA advance;

IP = the number of months in the interest period for such non monthly term AA advance; and

S = the amount calculated in accordance with the above formula in respect of such non-monthly term AA advance for the immediately preceding Funding 1 payment date that was not credited to the non-monthly term AA advance revenue ledger on such immediately preceding Funding 1 payment date,

provided always that the aggregate amount credited to the non-monthly term AA advance revenue ledger for a non-monthly term AA advance may not exceed, on any date, the amount of interest (and, if applicable, step-up amount) due and payable in respect of such non-monthly term AA advance on the next following interest payment date for such non-monthly term AA advance; and

(iii) for each non-monthly term AA advance where interest (and, if applicable, step-up amount) is due and payable on such Funding 1 payment date, towards payment of such interest (and, if applicable, step-up amount) due and payable

on such Funding 1 payment date less any amounts standing to the credit of the non-monthly term AA advance revenue ledger for such non-monthly term AA advance and which are to be applied in payment of such interest on such Funding 1 payment date;

(i) towards a credit to the AA principal deficiency sub-ledger in an amount sufficient to eliminate any debit on that ledger;

13.

(j) without priority among them, but in proportion to: (aa) for each monthly term A advance, the amount of interest (and, if applicable, step-up amount) due and payable on such Funding 1 payment date in respect of such monthly term A advance; and (bb) for each non-monthly term A advance, the amount calculated as required to be credited to the non-monthly term A advance revenue ledger in respect of such non-monthly term A advance for such Funding 1 payment date in accordance with items (ii) or (iii) below (as applicable):

(i) for each monthly term A advance, towards payment of interest (and, if applicable, step-up amount) due and payable on such monthly term A advance on such Funding 1 payment date;

(ii) for each non-monthly term A advance where no amount of interest is due and payable on such Funding 1 payment date, towards a credit to the non-monthly term A advance revenue ledger for such non-monthly term A advance in an amount, calculated by the cash manager on the immediately preceding Funding 1 calculation date in respect of such non-monthly term A advance, in accordance with the following formula:

$$(I \times 1/IP) + S$$

where:

I = the amount of interest (and, if applicable, step-up amount) due and payable in respect of such non-monthly term A advance on the next following interest payment date for such non-monthly term A advance;

IP = the number of months in the interest period for such non monthly term A advance; and

S = the amount calculated in accordance with the above formula in respect of such non-monthly term A advance for the immediately preceding Funding 1 payment date that was not credited to the non-monthly term A advance revenue ledger on such immediately preceding Funding 1 payment date,

provided always that the aggregate amount credited to the non-monthly term A advance revenue ledger for a non-monthly term A advance may not exceed, on any date, the amount of interest (and, if applicable, step-up amount) due and payable in respect of such non-monthly term A advance on the next following interest payment date for such non-monthly term A advance; and

(iii) for each non-monthly term A advance where interest (and, if applicable, step-up amount) is due and payable on such Funding 1 payment date, towards payment of such interest (and, if applicable, step-up amount) due and payable

on such Funding 1 payment date less any amounts standing to the credit of the non-monthly term A advance revenue ledger for such non-monthly term A advance and which are to be applied in payment of such interest on such Funding 1 payment date;

(k) towards a credit to the A principal deficiency sub-ledger in an amount sufficient to eliminate any debit on that ledger;

(l) without priority among them, but in proportion to: (aa) for each monthly term BBB advance, the amount of interest (and, if applicable, step-up amount) due and payable on such Funding 1 payment date in respect of such monthly term BBB advance; and (bb) for each non-monthly term BBB advance, the amount calculated as required to be credited to the non-monthly term BBB advance revenue ledger in respect of such non-monthly term BBB advance for such Funding 1 payment date in accordance with items (ii) or (iii) below (as applicable):

(i) for each monthly term BBB advance, towards payment of interest (and, if applicable, step up amount) due and payable on such monthly term BBB advance on such Funding 1 payment date;

(ii) for each non-monthly term BBB advance where no amount of interest is due and payable on such Funding 1 payment date, towards a credit to the non-monthly term BBB advance revenue ledger for such non-monthly term BBB advance in an amount, calculated by the cash manager on the immediately preceding Funding 1 calculation date in respect of such non-monthly term BBB advance, in accordance with the following formula:

$$(I \times 1/IP) + S$$

where:

I = the amount of interest (and, if applicable, step-up amount) due and payable in respect of such non-monthly term BBB advance on the next following interest payment date for such non-monthly term BBB advance;

IP = the number of months in the interest period for such non monthly term BBB advance; and

S = the amount calculated in accordance with the above formula in respect of such non-monthly term BBB advance for the immediately preceding Funding 1 payment date that was not credited to the non-monthly term BBB advance revenue ledger on such immediately preceding Funding 1 payment date,

provided always that the aggregate amount credited to the non-monthly term BBB advance revenue ledger for a non-monthly term BBB advance may not exceed, on any date, the amount of interest (and, if applicable, step-up amount) due and payable in respect of such non-monthly term BBB advance on the next following interest payment date for such non monthly term BBB advance; and

(iii) for each non-monthly term BBB advance where interest (and, if applicable, step-up amount) is due and payable on such Funding 1 payment date, towards payment of such interest (and, if applicable, step-up amount) due and payable on such Funding 1 payment date less any amounts standing to the credit of the

non-monthly term BBB advance revenue ledger for such non-monthly term BBB advance and which are to be applied in payment of such interest on such Funding 1 payment date,

(m) towards a credit to the BBB principal deficiency sub-ledger in an amount sufficient to eliminate any debit on that ledger;

(n) without priority among them, but in proportion to: (aa) for each monthly term BB advance, the amount of interest (and, if applicable, step-up amount) due and payable on such Funding 1 payment date in respect of such monthly term BB advance; and (bb) for each non-monthly term BB advance, the amount calculated as required to be credited to the non-monthly term BB advance revenue ledger in respect of such non-monthly term BB advance for such Funding 1 payment date in accordance with items (ii) or (iii) below (as applicable):

(i) for each monthly term BB advance, towards payment of interest (and, if applicable, step-up amount) due and payable on such monthly term BB advance on such Funding 1 payment date;

(ii) for each non-monthly term BB advance where no amount of interest is due and payable on such Funding 1 payment date, towards a credit to the non-monthly term BB advance revenue ledger for such non-monthly term BB advance in an amount, calculated by the cash manager on the immediately preceding Funding 1 calculation date in respect of such non-monthly term BB advance, in accordance with the following formula:

$$(I \times 1/IP) + S$$

where:

I = the amount of interest (and, if applicable, step-up amount) due and payable in respect of such non-monthly term BB advance on the next following interest payment date for such non-monthly term BB advance;

IP = the number of months in the interest period for such non monthly term BB advance; and

S = the amount calculated in accordance with the above formula in respect of such non-monthly term BB advance for the immediately preceding Funding 1 payment date that was not credited to the non-monthly term BB advance revenue ledger on such immediately preceding Funding 1 payment date,

provided always that the aggregate amount credited to the non-monthly term BB advance revenue ledger for a non-monthly term BB advance may not exceed, on any date, the amount of interest (and, if applicable, step-up amount) due and payable in respect of such non-monthly term BB advance on the next following interest payment date for such non-monthly term BB advance; and

(iii) for each non-monthly term BB advance where interest (and, if applicable, step-up amount) is due and payable on such Funding 1 payment date, towards payment of such interest (and, if applicable, step-up amount) due and payable on such Funding 1 payment date less any amounts standing to the credit of the non-monthly term BB advance revenue ledger for such non-monthly term BB

advance and which are to be applied in payment of such interest on such Funding 1 payment date,

(o) towards a credit to the BB principal deficiency sub-ledger in an amount sufficient to eliminate any debit on that ledger;

14.

(p) towards payment of any amount due to the issuer equal to the issuer's obligations (if any) to make a termination payment to an issuer swap provider (but excluding any issuer swap excluded termination amount) (which amounts are payable by Funding 1 to the issuer as part of the facility fee payable pursuant to the intercompany loan agreement and which may, at the direction of the issuer, be paid directly to the relevant issuer swap provider);

(q) towards a credit to the general reserve ledger to the extent the amount standing to the credit thereof is less than the Funding 1 reserve required amount and, if an arrears or step-up trigger event has occurred (and has not been cured), towards a credit to the general reserve ledger with such additional amount up to an amount equal to the sum of the Funding 1 reserve required amount and: (i) if an arrears or step-up trigger event has occurred under item (i) only of the arrears or step-up trigger event definition, the amount specified in relation to such event in the most recent final terms; (ii) if an arrears or step-up trigger event has occurred under item (ii) only of the arrears or step-up trigger event definition, the amount specified in relation to such event in the most recent final terms; or (iii) if an arrears or step-up trigger event has occurred under both items (i) and (ii) of the arrears or step-up trigger event definition, the amount specified in relation to such event in the most recent final terms, after taking into account any net replenishment of the general reserve fund on that Funding 1 payment date from Funding 1 available principal receipts (see item (a) of the relevant Funding 1 pre-enforcement principal priority of payments). For the purposes of this paragraph (q), "cured" means that the event giving rise to the arrears or step-up trigger event is no longer in existence, including in the case of item (ii) of the definition of arrears or step-up trigger event, that the relevant notes no longer remain outstanding;

(r) if a Funding 1 liquidity reserve fund rating event has occurred and is continuing, towards a credit to the Funding 1 liquidity reserve ledger to the extent the amount standing to the credit thereof is less than the Funding 1 liquidity reserve fund required amount;

(s) towards a credit to the NR principal deficiency sub-ledger in an amount sufficient to eliminate any debit on that ledger;

(t) without priority among them, but in proportion to: (aa) for each monthly term NR advance, the amount of interest (and, if applicable, step-up amount) due and payable on such Funding 1 payment date in respect of such monthly term NR advance; and (bb) for each non-monthly term NR advance, the amount calculated as required to be credited to the non-monthly term NR advance revenue ledger in respect of such non-monthly term NR advance for such Funding 1 payment date in accordance with items (ii) or (iii) below (as applicable):

(i) for each monthly term NR advance, towards payment of interest (and, if applicable, step up amount) due and payable on such monthly term NR advance on such Funding 1 payment date;

(ii) for each non-monthly term NR advance where no amount of interest is due and payable on such Funding 1 payment date, towards a credit to the non-monthly term NR advance revenue ledger for such non-monthly term NR advance in an amount, calculated by the cash manager on the immediately preceding Funding 1 calculation date in respect of such non-monthly term NR advance, in accordance with the following formula:

$$(I \times 1/IP) + S$$

where:

I = the amount of interest (and, if applicable, step-up amount) due and payable in respect of such non-monthly term NR advance on the next following interest payment date for such non-monthly term NR advance;

IP = the number of months in the interest period for such non monthly term NR advance; and

S = the amount calculated in accordance with the above formula in respect of such non-monthly term NR advance for the immediately preceding Funding 1 payment date that was not credited to the non-monthly term NR advance revenue ledger on such immediately preceding Funding 1 payment date; and

provided always that the aggregate amount credited to the non-monthly term NR advance revenue ledger for a non-monthly term NR advance may not exceed, on any date, the amount of interest (and, if applicable, step-up amount) due and payable in respect of such non-monthly term NR advance on the next following interest payment date for such non-monthly term NR advance;

(iii) for each non-monthly term NR advance where interest (and, if applicable, step-up amount) is due and payable on such Funding 1 payment date, towards payment of such interest (and, if applicable, step-up amount) due and payable on such Funding 1 payment date less any amounts standing to the credit of the non-monthly term NR advance revenue ledger for such non-monthly term NR advance and which are to be applied in payment of such interest on such Funding 1 payment date;

(u) without priority among them but in proportion to the respective amounts due, to pay (without double counting):

(i) to the issuer an amount equal to the issuer's obligations (if any) to pay any issuer swap excluded termination amount (which amount is payable by Funding 1 to the issuer as part of the facility fee payable pursuant to the intercompany loan agreement and which may, at the direction of the issuer, be paid directly to the relevant issuer swap provider);

(ii) any other amounts due to the issuer under the intercompany loan agreement and not otherwise provided for in this priority of payments (which amounts are payable by Funding 1 to the issuer as part of the facility fee payable pursuant to the intercompany loan agreement and which may (except for the issuer profit amount), at the direction of the issuer, be paid directly to the relevant third party); and

(iii) the Funding 1 swap excluded termination amount (if any) to the Funding 1 swap provider;

(v) towards payment to Funding 1 of the Funding 1 profit amount less corporation tax in respect of these profits provided or paid for at item (c) above;

(w) without priority among them but in proportion to the respective amounts due, towards payment of amounts due to the start-up loan providers under the start-up loan agreement(s); and

(x) toward payment of any deferred contribution due to the mortgages trustee pursuant to the terms of the mortgages trust deed.

Where the cash manager is required to calculate the amount to be credited to a non-monthly term advance revenue ledger for a non-monthly term advance, where the amount of interest for the next interest payment date in respect of a non-monthly term advance cannot be determined (for example because the reference rate in respect of such non-monthly term advance used to calculate such interest is shorter than the interest period), the cash manager shall:

(i) (acting reasonably and with regard to the accrued interest and expectations as to changes in rates) estimate the amount of the interest which will be due in respect of such non-monthly term advance; and

(ii) if such estimate has changed from a previous Funding 1 Calculation Date make an adjustment to the amounts to be credited to the applicable non-monthly term advance revenue ledger to ensure that the amounts previously credited to such non-monthly term advance revenue ledger reflect such revision in the estimate.

On the Funding 1 payment date upon which any interest (and, if applicable, step-up amount) in respect of a non-monthly term advance falls due and payable, the cash manager shall debit the non-monthly term advance revenue ledger for such non-monthly term advance in an amount equal to the lesser of: (i) the amount of interest (and, if applicable, step-up amount) which is due and payable on such Funding 1 payment date in respect of such non-monthly term advance; and (ii) the aggregate amount credited to such non-monthly term advance revenue ledger and shall apply such amounts to make payment (in whole or in part) of interest (and, if applicable, step-up amount) due and payable on such Funding 1 payment date. Amounts credited to a ledger in respect of a particular non-monthly term advance may not be applied towards payment of any other amount payable by Funding 1. If for any reason the cash manager (acting reasonably) determines there is a surplus in the amounts credited to a non-monthly term advance revenue ledger (owing to an overestimate of the amounts to be credited to such non-monthly term advance revenue ledger), such amounts may be applied by the Cash Manager acting reasonably as Funding 1 Available Revenue Receipts.

Definition of issuer revenue receipts

Issuer revenue receipts will be calculated by the issuer cash manager four London business days prior to each issuer payment date (each, an **issuer calculation date**) and will be an amount equal to the sum of:

- interest amounts paid or to be paid to the issuer by Funding 1 on the Funding 1 payment date immediately following such issuer calculation date in respect of the term advances under the intercompany loan agreement;

- fees to be paid to the issuer by Funding 1 on the Funding 1 payment date immediately following such issuer calculation date under the terms of the intercompany loan agreement;

- interest payable on the issuer's bank accounts and any authorised investments and which will be received on or before the issuer payment date immediately following such issuer calculation date;

- other net income of the issuer including (without double counting) amounts received or to be received under the issuer swap agreements on or before the issuer payment date immediately following such issuer calculation date (excluding (i) any termination payment received by the issuer in respect of any issuer swap agreement unless otherwise agreed by the issuer security trustee, (ii) any amount received by the issuer in consideration for entering into a replacement issuer swap agreement, (iii) the return or transfer of any excess swap collateral as set out under any of the issuer swap agreements and (iv) in respect of each issuer swap provider, prior to the designation of an early termination date under the relevant issuer swap agreement and the resulting application of the collateral by way of netting or set-off, an amount equal to the value of all collateral (other than excess swap collateral) provided by such issuer swap provider to the issuer pursuant to the relevant issuer swap agreement (and any interest or distributions in respect thereof)); and

- any additional amount the issuer receives in funds and which are utilisable on or before the issuer payment date immediately following such issuer calculation date, from any taxing authority on account of amounts paid to that taxing authority for and on account of tax by an issuer swap provider under an issuer swap agreement (except when the amounts paid to the tax authority represent a deduction or withholding on account of tax in respect of which the issuer swap provider has paid a gross-up amount to the issuer to ensure the net amount actually received by the issuer equals the full amount the issuer would have received had no such deduction or withholding been required),

but, for the avoidance of doubt, excluding any issuer profit amount retained by the issuer on any previous issuer payment date and the proceeds of a new note issuance received by the issuer during the then current issuer calculation period.

Distribution of issuer revenue receipts before note acceleration

The issuer cash management agreement sets out the priority of distribution by the issuer cash manager, prior to the service of a note acceleration notice on the issuer, of the issuer revenue receipts. The order of priority will be as described in this section (as may be supplemented by a drawdown prospectus or a supplementary prospectus related to each series).

Except for amounts due to third parties by the issuer under item (d) below or amounts due to the issuer account bank under item (e)(iv) below, each of which will be paid when due, on each issuer payment date the issuer cash manager will apply issuer revenue receipts in the following priority (the **issuer pre-enforcement revenue priority of payments**):

(a) to pay amounts due to the 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 issuer calculation period commencing on such issuer payment date to the issuer security trustee as provided under the issuer deed of charge;

(b) to pay amounts due to 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 issuer calculation period commencing on such issuer payment date to the note trustee as provided under the note trust deed;

(c) without priority among them but in proportion to the respective amounts due and as provided in the transaction documents to pay amounts due to the agent bank, the paying agents, the registrar, the exchange rate agent and the transfer agent, together with

interest and any amount in respect of VAT on those amounts as provided in the transaction documents, and any amounts then due or to become due during the issuer calculation period commencing on such issuer payment date to the agent bank, the paying agents, the registrar, the exchange rate agent and the transfer agent under the paying agent and agent bank agreement;

(d) to pay amounts due to any third party creditors of the issuer (other than those referred to elsewhere in this priority of payments), which amounts have been incurred without breach by the issuer of the transaction documents to which it is a party (and for which payment has not been provided for elsewhere) and to provide for any of those amounts expected to become due and payable during the issuer calculation period commencing on such issuer payment date by the issuer;

(e) without priority among them but in proportion to the respective amounts due, to pay amounts due to:

(i) the issuer cash manager, to provide for any amounts due, or to become due to the issuer cash manager in the issuer calculation period commencing on such issuer payment date, as provided under the issuer cash management agreement;

(ii) the issuer corporate services provider, to provide for any amounts due, or to become due to the issuer corporate services provider in the issuer calculation period commencing on such issuer payment date, as provided under the issuer corporate services agreement;

(iii) the post-enforcement call option holder corporate services provider, to provide for any amounts due, or to become due to the post-enforcement call option holder corporate services provider in the issuer calculation period commencing on such issuer payment date, as provided under the post enforcement call option holder corporate services agreement; and

(iv) the issuer account bank, to provide for any amounts due, or to become due to the issuer account bank in the issuer calculation period commencing on such issuer payment date, as provided under the issuer bank account agreement;

(f) from amounts (excluding principal) received by the issuer from Funding 1 on the relevant Funding 1 payment date in respect of each term AAA advance due and payable on such issuer payment date (and, in respect of (ii) below, the amounts (if any), excluding principal, received on the relevant issuer payment date from the issuer swap provider(s) under the issuer swap agreement(s) in respect of the related series and class (or sub-class) of notes):

(i) to pay the amounts due and payable to the relevant 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 issuer swap excluded termination amount) in accordance with the terms of the relevant issuer swap agreement;

(ii) to pay interest (and any step-up coupon) due and payable (if any) on the related series and class (or sub-class) of class A notes on such issuer payment date;

(g) from amounts (excluding principal) received by the issuer from Funding 1 on the relevant Funding 1 payment date in respect of each term AA advance due and payable on such issuer payment date (and, in respect of (ii) below, the amounts (if any), excluding principal, received on the relevant issuer payment date from the issuer swap

provider(s) under the issuer swap agreement(s) in respect of the related series and class (or sub-class) of notes):

(i) to pay the amounts due and payable to the relevant 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 issuer swap excluded termination amount) in accordance with the terms of the relevant issuer swap agreement;

(ii) to pay interest (and any step-up coupon) due and payable (if any) on the related series and class (or sub-class) of class B notes on such issuer payment date;

(h) from amounts (excluding principal) received by the issuer from Funding 1 on the relevant Funding 1 payment date in respect of each term A advance due and payable on such issuer payment date (and, in respect of (ii) below, the amounts (if any), excluding principal, received on the relevant issuer payment date from the issuer swap provider(s) under the issuer swap agreement(s) in respect of the related series and class (or sub-class) of notes):

(i) to pay the amounts due and payable to the relevant 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 issuer swap excluded termination amount) in accordance with the terms of the relevant issuer swap agreement;

(ii) to pay interest (and any step-up coupon) due and payable (if any) on the related series and class (or sub-class) of class M notes on such issuer payment date;

(i) from amounts (excluding principal) received by the issuer from Funding 1 on the relevant Funding 1 payment date in respect of each term BBB advance due and payable on such issuer payment date (and, in respect of (ii) below, the amounts (if any), excluding principal, received on the relevant issuer payment date from the issuer swap provider(s) under the issuer swap agreement(s) in respect of the related series and class (or sub-class) of notes):

(i) to pay the amounts due and payable to the relevant 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 issuer swap excluded termination amount) in accordance with the terms of the relevant issuer swap agreement;

(ii) to pay interest due (and any step-up coupon) and payable (if any) on the related series and class (or sub-class) of class C notes on such issuer payment date;

(j) from amounts (excluding principal) received by the issuer from Funding 1 on the relevant Funding 1 payment date in respect of each term BB advance due and payable on such issuer payment date (and, in respect of (ii) below, the amounts (if any), excluding principal, received on the relevant issuer payment date from the issuer swap provider(s) under the issuer swap agreement(s) in respect of the related series and class (or sub-class) of notes):

(i) to pay the amounts due and payable to the relevant issuer swap provider(s) (if any) in respect of the related series and class (or sub-class) of class D notes (including any termination payment but excluding any issuer swap excluded

termination amount) in accordance with the terms of the relevant issuer swap agreement;

(ii) to pay interest due (and any step-up coupon) and payable (if any) on the related series and class (or sub-class) of class D notes on such issuer payment date;

(k) from amounts (excluding principal) received by the issuer from Funding 1 on the relevant Funding 1 payment date in respect of each term NR advance due and payable on such issuer payment date (and, in respect of (ii) below, the amounts (if any), excluding principal, received on the relevant issuer payment date from the issuer swap provider(s) under the issuer swap agreement(s) in respect of the related series and class (or sub-class) of notes):

(i) to pay the amounts due and payable to the relevant 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 issuer swap excluded termination amount) in accordance with the terms of the relevant issuer swap agreement;

(ii) to pay interest due (and any step-up coupon) and payable (if any) on the related series and class (or sub-class) of class Z notes on such issuer payment date;

(l) without priority among them but in proportion to the respective amounts due, to pay any issuer swap excluded termination amount due to any issuer swap provider;

(m) to the issuer, an amount equal to the issuer profit amount, to be retained by the issuer as profit less corporation tax thereon; and

(n) the balance to the issuer to be applied on the next issuer payment date as issuer revenue receipts.

In respect of the notes of each series or class (or sub-class) in respect of which interest (and any step-up coupon) is due and payable on an interest payment date which falls on a date which is not an issuer payment date, the issuer cash manager shall, from amounts (excluding principal) received by the issuer from to the relevant issuer swap provider(s) (if any) in respect of such series and class (or sub-class) of notes (excluding any termination payment received by the issuer in respect of any issuer swap agreement unless otherwise agreed by the issuer security trustee) in accordance with the terms of the relevant issuer swap agreement, pay interest (and any step-up coupon) due and payable (if any) on such series and class (or sub-class) of notes on such interest payment date.

Distribution of issuer revenue receipts after note acceleration but before intercompany loan acceleration

Following the service of a note acceleration notice on the issuer under the terms and conditions of the notes, but prior to the service of an intercompany loan acceleration notice on Funding 1 under the intercompany loan agreement, the issuer security trustee will apply issuer revenue receipts in the same priority as set out in the issuer pre-enforcement revenue priority of payments, except that:

- in addition to the amounts due to the issuer security trustee under item (a) of the issuer pre enforcement revenue priority of payments, issuer revenue receipts will be applied on each issuer payment date to pay amounts due to any receiver appointed by the issuer security trustee together with interest and any amount in respect of VAT on those amounts (as provided in the issuer deed of charge), and to provide for any amounts due or to become due to the receiver during the issuer calculation period commencing on such issuer payment date; and

- the issuer security trustee will not be required to pay amounts due to any entity which is not an issuer secured creditor.

Distribution of Funding 1 available principal receipts

Payment of principal receipts to Funding 1 by the mortgages trustee

On each distribution date, mortgages trust available principal receipts will be paid to Funding 1 in the manner and to the extent provided by the mortgages trustee principal priority of payments (see "**The Mortgages Trust—Mortgages trust calculation of principal receipts**") and shall be deposited in the Funding 1 GIC account and credited by the cash manager to the **Funding 1 principal ledger** (being a ledger maintained by the cash manager for Funding 1).

Definition of Funding 1 available principal receipts

Funding 1 available principal receipts for a Funding 1 payment date will be calculated by the cash manager on the Funding 1 calculation date immediately prior thereto and will be an amount equal to the sum of:

- all mortgages trust available principal receipts received or to be received by Funding 1 during the Funding 1 interest period ending immediately prior to such Funding 1 payment date less amounts required to meet the Funding 1 revenue deficit amount (if any);

- all other Funding 1 principal receipts standing to the credit of the cash accumulation ledger (other than amounts required to meet the Funding 1 revenue deficit amount (if any)) which are to be applied on such Funding 1 payment date to repay a bullet term advance and/or, subject to Rule (1) below, a scheduled amortisation instalment in respect of a scheduled amortisation term advance, or to make a payment under items (a) and (b) of the Funding 1 pre-enforcement principal priority of payments and, if such Funding 1 payment date occurs on or after a trigger event, the remainder of such 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 (g), (i), (k), (m), (o) and (s) of the Funding 1 pre-enforcement revenue priority of payments on such Funding 1 payment date to be applied towards the repayment of the term advances, the cash accumulation ledger and the Funding 1 principal ledger;

- in so far as available for and needed to make a Funding 1 reserve principal payment (see "**Credit Structure—General reserve fund**") after taking into account amounts drawn from the Funding 1 liquidity reserve ledger to make a liquidity reserve principal payment, the amount that would then be standing to the credit of the general reserve ledger, less any amounts applied or to be applied on such Funding 1 payment date in payment of interest and other revenue expenses as set out in items (a) to (p) (inclusive) of the Funding 1 pre-enforcement revenue priority of payments, plus any amounts which will be credited to the general reserve ledger under item (a) of the relevant Funding 1 pre enforcement principal priority of payments, and item (q) of the relevant Funding 1 pre-enforcement revenue priority of payments on such Funding 1 payment date; and

- in so far as available for and needed to make a liquidity reserve principal payment (see "**Credit Structure—Funding 1 liquidity reserve fund**"), the amount that would then be standing to the credit of the Funding 1 liquidity reserve ledger, less any amounts applied or to be applied on such Funding 1 payment date in payment of interest and other revenue expenses as set out in items (a) to (f) (inclusive), (h), (j), (l) and (n) (inclusive) of the Funding 1 pre-enforcement revenue priority of payments, plus any amounts which will be credited to the Funding 1 liquidity reserve ledger under item (r) of the relevant Funding 1 pre-enforcement revenue

priority of payments, and item (b) of the relevant Funding 1 pre-enforcement principal priority of payments on such Funding 1 payment date,

provided that principal amounts which cannot be withdrawn from the Funding 1 collateralised GIC account (including, without limitation, in the event of a moratorium on insolvency, bank insolvency, administration or bank administration of Nationwide or it being unable to pay these amounts) shall cease to constitute Funding 1 available principal receipts; provided further, that any amounts subsequently recovered in respect of such principal amounts from realisation of the related eligible collateral shall constitute Funding 1 available principal receipts and any amounts subsequently recovered in respect of such principal amounts from the Funding 1 collateralised GIC account will not constitute Funding 1 available principal receipts but will instead constitute Funding 1 available revenue receipts.

Funding 1 available principal receipts will not include any amounts then standing to the credit of a non-monthly term advance principal ledger.

Due and payable dates of term advances

The repayment of any term advance prior to the occurrence of a trigger event, service of a note acceleration notice or service of an intercompany loan acceleration notice will be made in accordance with the terms of the intercompany loan agreement. The applicable final terms for a series of notes (or, in the case of exempt notes, the applicable pricing supplement) will specify the due and payable dates of the term advances funded by such series of notes.

The following sections set out various priorities of payments for Funding 1 available principal receipts under the following circumstances, and are collectively referred to as the **Funding 1 pre-enforcement principal priority of payments**:

- repayment of term advances before the occurrence of a trigger event and before the service of an intercompany loan acceleration notice or the service of a note acceleration notice;

- repayment of term advances after the occurrence of a non-asset trigger event but before the occurrence of an asset trigger event, the service of an intercompany loan acceleration notice or the service of a note acceleration notice.

- repayment of term advances after the occurrence of an asset trigger event but before the service of an intercompany loan acceleration notice or the service of a note acceleration notice; and

- repayment of term advances after the service of a note acceleration notice but before the service of an intercompany loan acceleration notice.

Repayment of term advances before a trigger event and before intercompany loan acceleration or acceleration of all notes

On each Funding 1 payment date prior to the occurrence of a trigger event or the service on Funding 1 of an intercompany loan acceleration notice or the service on the issuer of a note acceleration notice, the cash manager shall apply or provide for Funding 1 available principal receipts in the following order of priority (the **Funding 1 pre-trigger event, pre-enforcement principal priority of payments**):

(a) to the extent only that monies have been drawn from the general reserve fund to make Funding 1 reserve principal payments in respect of a previous Funding 1 interest period, towards a credit to the general reserve ledger to the extent that the amount standing to the credit thereof is less than the Funding 1 reserve required amount;

(b) if a Funding 1 liquidity reserve rating event has occurred and is continuing (i) to initially fund the Funding 1 liquidity reserve fund up to the Funding 1 liquidity reserve fund required amount and (ii) once it has been initially funded to the extent that Funding 1 available revenue receipts are insufficient to do so, to replenish the Funding 1 liquidity reserve fund up to the Funding 1 liquidity reserve fund required amount;

(c) in each case in order of their final repayment dates beginning with the earliest such date (and if two or more term AAA advances have the same final repayment date, in proportion to the respective amounts due (or, in respect of a non-monthly pass-through term AAA advance, the amount due less the amount (if any) then standing to the credit of the non-monthly term AAA advance principal ledger for such non-monthly pass-through term AAA advance):

(i) to repay the principal amounts due (if any) on such Funding 1 payment date on the term AAA advances other than the non-monthly pass-through term AAA advances;

(ii) for each non-monthly pass-through term AAA advance, towards a credit to the non-monthly term AAA advance principal ledger for such non-monthly pass-through term AAA advance in an amount equal to:

(A) the principal amount due on such non-monthly pass-through term AAA advance on such Funding 1 payment date or, if no principal amount on such non-monthly pass-through term AAA advance is due on such date, the principal amount due on the next following interest payment date for such non-monthly pass-through term AAA advance; less

(B) the amount then standing to the credit of the non-monthly term AAA advance principal ledger for such non-monthly pass-through term AAA advance,

provided always that the aggregate amount credited to the non-monthly term AAA advance principal ledger for a non-monthly pass-through term AAA advance may not exceed, on any date, the principal amount (if any) due in respect of such non-monthly pass-through term AAA advance on such Funding 1 payment date (if such Funding 1 payment date is an interest payment date for such non-monthly pass-through term AAA advance) or on the next following interest payment date for such non-monthly pass-through term AAA advance,

in each case subject to Rules (1) and (2) below;

(d) in no order of priority among them, but in proportion to the respective amounts due (or, in respect of a non-monthly pass-through term AA advance, the amount due less the amount standing to the credit of the non-monthly term AA advance principal ledger for such non-monthly pass-through term AA advance):

(i) to repay the principal amounts due (if any) on such Funding 1 payment date on the term AA advances other than the non-monthly pass-through term AA advances;

(ii) for each non-monthly pass-through term AA advance, towards a credit to the non-monthly term AA advance principal ledger for such non-monthly pass-through term AA advance in an amount equal to:

(A) the principal amount due on such non-monthly pass-through term AA advance on such Funding 1 payment date or, if no principal amount on such non-

monthly pass-through term AA advance is due on such date, the principal amount due on the next following interest payment date for such non-monthly pass-through term AA advance; less

(B) the amount then standing to the credit of the non-monthly term AA advance principal ledger for such non-monthly pass-through term AA advance,

provided always that the aggregate amount credited to the non-monthly term AA advance principal ledger for a non-monthly pass-through term AA advance may not exceed, on any date, the principal amount (if any) due in respect of such non-monthly pass-through term AA advance on such Funding 1 payment date (if such Funding 1 payment date is an interest payment date for such non-monthly pass-through term AA advance) or on the next following interest payment date for such non-monthly pass-through term AA advance,

in each case subject to Rules (1) and (2) below;

(e) in no order of priority among them, but in proportion to the respective amounts due (or, in respect of a non-monthly pass-through term A advance, the amount due less the amount standing to the credit of the non-monthly term A advance principal ledger for such non-monthly pass-through term A advance):

(i) to repay the principal amounts due (if any) on such Funding 1 payment date on the term A advances other than the non-monthly pass-through term A advances;

(ii) for each non-monthly pass-through term A advance, towards a credit to the non-monthly term A advance principal ledger for such non-monthly pass-through term A advance in an amount equal to:

(A) the principal amount due on such non-monthly pass-through term A advance on such Funding 1 payment date or, if no principal amount on such non-monthly pass-through term A advance is due on such date, the principal amount due on the next following interest payment date for such non-monthly pass-through term A advance; less

(B) the amount then standing to the credit of the non-monthly term A advance principal ledger for such non-monthly pass-through term A advance,

provided always that the aggregate amount credited to the non-monthly term A advance principal ledger for a non-monthly pass-through term A advance may not exceed, on any date, the principal amount (if any) due in respect of such non-monthly pass-through term A advance on such Funding 1 payment date (if such Funding 1 payment date is an interest payment date for such non-monthly pass-through term A advance) or on the next following interest payment date for such non-monthly pass-through term A advance,

in each case subject to Rules (1) and (2) below;

(f) in no order of priority among them, but in proportion to the respective amounts due (or, in respect of a non-monthly pass-through term BBB advance, the amount due less the amount standing to the credit of the non-monthly term BBB advance principal ledger for such non-monthly pass-through term BBB advance):

(i) to repay the principal amounts due (if any) on such Funding 1 payment date on the term BBB advances other than the non-monthly pass-through term BBB advances;

(ii) for each non-monthly pass-through term BBB advance, towards a credit to the non-monthly term BBB advance principal ledger for such non-monthly pass-through term BBB advance in an amount equal to:

(A) the principal amount due on such non-monthly pass-through term BBB advance on such Funding 1 payment date or, if no principal amount on such non-monthly pass-through term BBB advance is due on such date, the principal amount due on the next following interest payment date for such non-monthly pass-through term BBB advance; less

(B) the amount then standing to the credit of the non-monthly term BBB advance principal ledger for such non-monthly pass-through term BBB advance,

provided always that the aggregate amount credited to the non-monthly term BBB advance principal ledger for a non-monthly pass-through term BBB advance may not exceed, on any date, the principal amount (if any) due in respect of such non-monthly pass-through term BBB advance on such Funding 1 payment date (if such Funding 1 payment date is an interest payment date for such non-monthly pass-through term BBB advance) or on the next following interest payment date for such non-monthly pass-through term BBB advance,

in each case subject to Rules (1) and (2) below;

(g) in no order of priority among them, but in proportion to the respective amounts due (or, in respect of a non-monthly pass-through term BB advance, the amount due less the amount standing to the credit of the non-monthly term BB advance principal ledger for such non-monthly pass-through term BB advance):

(i) to repay the principal amounts due (if any) on such Funding 1 payment date on the term BB advances other than the non-monthly pass-through term BB advances;

(ii) for each non-monthly pass-through term BB advance, towards a credit to the non-monthly term BB advance principal ledger for such non-monthly pass-through term BB advance in an amount equal to:

(A) the principal amount due on such non-monthly pass-through term BB advance on such Funding 1 payment date or, if no principal amount on such non-monthly pass-through term BB advance is due on such date, the principal amount due on the next following interest payment date for such non-monthly pass-through term BB advance; less

(B) the amount then standing to the credit of the non-monthly term BB advance principal ledger for such non-monthly pass-through term BB advance,

provided always that the aggregate amount credited to the non-monthly term BB advance principal ledger for a non-monthly pass-through term BB advance may not exceed, on any date, the principal amount (if any) due in respect of such non-monthly pass-through term BB advance on such Funding 1 payment date (if such Funding 1 payment date is an interest payment date for such non-monthly pass-through term BB

advance) or on the next following interest payment date for such non-monthly pass-through term BB advance,

in each case subject to Rules (1) and (2) below;

15.

(h) in no order of priority among them, but in proportion to the respective amounts due (or, in respect of a non-monthly pass-through term NR advance, the amount due less the amount standing to the credit of the non-monthly term NR advance principal ledger for such non-monthly pass-through term NR advance):

(i) to repay the principal amounts due (if any) on such Funding 1 payment date on the term NR advances other than the non-monthly pass-through term NR advances;

(ii) for each non-monthly pass-through term NR advance, towards a credit to the non-monthly term NR advance principal ledger for such non-monthly pass-through term NR advance in an amount equal to:

(A) the principal amount due on such non-monthly pass-through term NR advance on such Funding 1 payment date or, if no principal amount on such non-monthly pass-through term NR advance is due on such date, the principal amount due on the next following interest payment date for such non-monthly pass-through term NR advance; less

(B) the amount then standing to the credit of the non-monthly term NR advance principal ledger for such non-monthly pass-through term NR advance,

provided always that the aggregate amount credited to the non-monthly term NR advance principal ledger for a non-monthly pass-through term NR advance may not exceed, on any date, the principal amount (if any) due in respect of such non-monthly pass-through term NR advance on such Funding 1 payment date (if such Funding 1 payment date is an interest payment date for such non-monthly pass-through term NR advance) or on the next following interest payment date for such non-monthly pass-through term NR advance,

in each case subject to Rules (1) and (2) below;

(i) towards a credit to the cash accumulation ledger until the balance is equal to Funding 1's cash accumulation liability (as calculated after any payments are made or provided for at items (a) to (h) (inclusive) of this priority of payments); and

(j) the remainder to be credited to the Funding 1 principal ledger to be applied on the next Funding 1 payment date as Funding 1 principal receipts.

On the Funding 1 payment date upon which any principal amount in respect of a non-monthly pass-through term advance falls due, the cash manager shall debit the non-monthly term advance principal ledger for such non-monthly pass-through term advance in an amount equal to the lesser of: (i) the amount of principal which is due on such Funding 1 payment date in respect of such non-monthly pass-through term advance; and (ii) the aggregate amount credited to such non-monthly term advance principal ledger and shall apply such amounts to make payment (in whole or in part) of principal due on such Funding 1 payment date. Amounts credited to a non-monthly term advance principal ledger in respect of a particular non-monthly term advance may not be applied towards payment of any other amount payable by Funding 1 but may be used towards payment of a Funding 1 revenue deficit amount.

In the applicable circumstances, the following Rules apply in determining the amounts to be paid under items (c), (d), (e), (f), (g) and (h) of the Funding 1 pre-trigger event, pre-enforcement principal priority of payments set out above and below:

Rule (1) – Repayment deferrals

(A) If on a Funding 1 payment date:

(a) there is a debit balance on the BB principal deficiency sub-ledger, the BBB principal deficiency sub-ledger, the A principal deficiency sub-ledger or the AA principal deficiency sub-ledger, after application of the Funding 1 available revenue receipts on that Funding 1 payment date; or

(b) the adjusted general reserve fund level is less than the Funding 1 reserve required amount and lower than its level on the previous Funding 1 payment date; or

(c) the aggregate true balance of the loans in the mortgages trust in arrears by more than 3 times the monthly payment then due divided by the aggregate true balance of all the loans in the mortgages trust (expressed as a percentage) is more than 5%,

then until the relevant circumstance as described in sub-paragraphs (a), (b) or (c) above has been cured or otherwise ceases to exist, if:

(d) any term AAA advance (whether or not such term AAA advance (or any part thereof) is then due) remains outstanding after making the payments or provisions under item (c) of the Funding 1 pre-trigger event, pre-enforcement principal priority of payments (assuming for the purposes of this calculation that the amounts then standing to the credit of a non-monthly term AAA advance principal ledger, where such term advance is an original non-monthly pass-through term AAA advance (after crediting any amounts to such ledger in accordance with item (c) on such Funding 1 payment date and after debiting any amounts from such ledger that are required to be so debited on such Funding 1 payment date) shall reduce the outstanding principal amount of such non-monthly pass-through term AAA advance on such Funding 1 payment date by the amount so credited) and/or the balance of the cash accumulation ledger is not equal to the cash accumulation liability of Funding 1 after making payments under item (i) thereof, then the term AA advances will not be entitled to principal repayments or provisions under item (d) thereof;

(e) any term AAA advance or any term AA advance (whether or not such term AAA advance or term AA advance (or any part thereof) is then due) remains outstanding after making the payments or provisions under items (c) and/or (d) of the Funding 1 pre trigger event, pre-enforcement principal priority of payments (assuming for the purposes of this calculation that the amounts then standing to the credit of a non-monthly term AAA advance principal ledger, where such term advance is an original non-monthly pass-through term AAA advance (after crediting any amounts to such ledger in accordance with item (c) on such Funding 1 payment date and after debiting any amounts from such ledger that are required to be so debited on such Funding 1 payment date) and the amounts then standing to the credit of an original non-monthly term AA advance principal ledger, where such term advance is a non-monthly pass-through term AA advance (after crediting any amounts to such ledger in accordance with item (d) on such Funding 1 payment date and after debiting any amounts from such ledger that are required to be so debited on such Funding 1 payment date) shall reduce the outstanding principal amount of, as applicable, such non-monthly pass-through term AAA advance and non-monthly pass-through term AA advance as applicable on such Funding 1 payment date by the amount so credited) and/or the

balance of the cash accumulation ledger is not equal to the cash accumulation liability of Funding 1 after making payments under item (i) thereof, then the term A advances will not be entitled to principal repayments or provisions under item (e) thereof;

(f) any term AAA advance, any term AA advance or any term A advance (whether or not such term AAA advance, term AA advance or term A advance (or any part thereof) is then due) remains outstanding after making the payments or provisions under items (c) and/or (d) and/or (e) of the Funding 1 pre-trigger event, pre-enforcement principal priority of payments (assuming for the purposes of this calculation that the amounts then standing to the credit of a non-monthly term AAA advance principal ledger, where such term advance is an original non-monthly pass-through term AAA advance (after crediting any amounts to such ledger in accordance with item (c) on such Funding 1 payment date and after debiting any amounts from such ledger that are required to be so debited on such Funding 1 payment date), the amounts then standing to the credit of an original non-monthly term AA advance principal ledger, where such term advance is a non-monthly pass-through term AA advance (after crediting any amounts to such ledger in accordance with item (d) on such Funding 1 payment date and after debiting any amount from such ledger that are required to be so debited on such Funding 1 payment date) and the amounts then standing to the credit of a non-monthly term A advance principal ledger, where such term advance is an original non-monthly pass-through term A advance (after crediting any amounts to such ledger in accordance with item (e) on such Funding 1 payment date and after debiting any amounts from such ledger that are required to be so debited on such Funding 1 payment date) shall reduce the outstanding principal amount of such non-monthly term AAA advance, non-monthly pass-through term AA advance and non-monthly pass-through term A advance, as applicable on such Funding 1 payment date by the amount so credited) and/or the balance of the cash accumulation ledger is not equal to the cash accumulation liability of Funding 1 after making payments under item (i) thereof, then the term BBB advances will not be entitled to principal repayments or provisions under item (f) thereof; and/or

(g) any term AAA advance, any term AA advance, any term A advance or any term BBB advance (whether or not such term AAA advance, term AA advance, term A advance or term BBB advance (or any part thereof) is then due) remains outstanding after making the payments or provisions under items (c) and/or (d) and/or (e) and/or (f) of the Funding 1 pre-trigger event, pre-enforcement principal priority of payments (assuming for the purposes of this calculation that the amounts then standing to the credit of an original non monthly term AAA advance principal ledger, where such term advance is a non-monthly pass-through term AAA advance (after crediting any amounts to such ledger in accordance with item (c) on such Funding 1 payment date and after debiting any amounts from such ledger that are required to be so debited on such Funding 1 payment date), the amounts then standing to the credit of an original non-monthly term AA advance principal ledger, where such term advance is a non-monthly pass-through term AA advance (after crediting any amounts to such ledger in accordance with item (d) on such Funding 1 payment date and after debiting any amounts from such ledger that are required to be so debited on such Funding 1 payment date), the amounts then standing to the credit of an original non monthly term A advance principal ledger, where such term advance is a non-monthly pass-through term A advance (after crediting any amounts to such ledger in accordance with item (e) on such Funding 1 payment date and after debiting any amounts from such ledger that are required to be so debited on such Funding 1 payment date) and the amounts then standing to the credit of an original non monthly term BBB advance principal ledger, where such term advance is a non-monthly pass-through term BBB advance (after crediting any amounts to such ledger in accordance with item (f) on such Funding 1 payment date and after debiting any amounts from such ledger that are required to be

so debited on such Funding 1 payment date) shall reduce the outstanding principal amount of such non-monthly pass-through term AAA advance, non-monthly pass-through term AA advance, non-monthly pass-through term A advance and non-monthly pass-through term BBB advance, as applicable, on such Funding 1 payment date by the amount so credited) and/or the balance of the cash accumulation ledger is not equal to the cash accumulation liability of Funding 1 after making payments under item (i) thereof, then the term BB advances will not be entitled to principal repayments or provisions under item (g) thereof; and/or

(h) any term AAA advance, any term AA advance, any term A advance, any term BBB advance or any term BB advance (whether or not such term AAA advance, term AA advance, term A advance, term BBB advance or term BB advance (or any part thereof) is then due) remains outstanding after making the payments or provisions under items (c) and/or (d) and/or (e) and/or (f) and/or (g) of the Funding 1 pre-trigger event, pre enforcement principal priority of payments (assuming for the purposes of this calculation that the amounts then standing to the credit of a non-monthly term AAA advance principal ledger, where such term advance is an original non-monthly pass-through term AAA advance (after crediting any amounts to such ledger in accordance with item (c) on such Funding 1 payment date and after debiting any amounts from such ledger that are required to be so debited on such Funding 1 payment date), the amounts then standing to the credit of a non-monthly term AA advance principal ledger, where such term advance is an original non-monthly pass-through term AA advance (after crediting any amounts to such ledger in accordance with item (d) on such Funding 1 payment date and after debiting any amounts from such ledger that are required to be so debited on such Funding 1 payment date), the amounts then standing to the credit of a non-monthly term A advance principal ledger, where such term advance is an original non-monthly pass-through term A advance (after crediting any amounts to such ledger in accordance with item (e) on such Funding 1 payment date and after debiting any amounts from such ledger that are required to be so debited on such Funding 1 payment date) the amounts then standing to the credit of a non-monthly term BBB advance principal ledger, where such term advance is an original non-monthly pass-through term BBB advance (after crediting any amounts to such ledger in accordance with item (f) on such Funding 1 payment date and after debiting any amounts from such ledger that are required to be so debited on such Funding 1 payment date) and the amounts then standing to the credit of a non-monthly term BB advance principal ledger, where such term advance is an original non-monthly pass-through term BB advance (after crediting any amounts to such ledger in accordance with item (g) on such Funding 1 payment date and after debiting any amounts from such ledger that are required to be so debited on such Funding 1 payment date) shall reduce the outstanding principal amount of such non-monthly term AAA advance, non-monthly pass-through term AA advance, non-monthly pass-through term A advance, non-monthly pass-through term BBB advance and non-monthly pass-through term BB advance as applicable on such Funding 1 payment date by the amount so credited) and/or the balance of the cash accumulation ledger is not equal to the cash accumulation liability of Funding 1 after making payments under item (i) thereof, then the term NR advances will not be entitled to principal repayments or provisions under item (h) thereof.

(B) If on a Funding 1 payment date in respect of which principal in respect of any term advance is scheduled to be paid or provided for:

(a) for any term AA advance, the amount of principal due (or any part thereof) in respect of the term AA advance may only be paid or provided for if, after giving effect to such payment or provision and the payment to be made or provided for on such date in

respect of the related series and class (or sub-class) of notes, the class A available subordinated amount is at least equal to the class A required subordinated amount;

(b) for any term A advance, the amount of principal due (or any part thereof) in respect of the term A advance may only be paid or provided for if, after giving effect to such payment or provision and the payment to be made or provided for on such date in respect of the related series and class (or sub-class) of 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;

(c) for any term BBB advance, the amount of principal due (or any part thereof) in respect of the term BBB advance may only be paid or provided for if, after giving effect to such payment or provision and the payment to be made or provided for on such date in respect of the related series and class (or sub-class) of 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;

(d) for any term BB advance, the amount of principal due (or any part thereof) in respect of the term BB advance may only be paid or provided for if, after giving effect to such payment or provision and the payment to be made or provided for on such date in respect of the related series and class (or sub-class) of 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, 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;

(e) for any term NR advance, the amount of principal due in respect of the term NR 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 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, the class M available subordinated amount is at least equal to the class M required subordinated amount, the class C available subordinated amount is at least equal to the class C required subordinated amount and the class D available subordinated amount is at least equal to the class D required subordinated amount,

save that in calculating the class A available subordinated amount, the class B available subordinated amount, the class M available subordinated amount, the class C available subordinated amount and the class D subordinated amount for the purposes of the above, stressed excess spread will be deemed to be zero.

Further, in calculating the class A available subordinated amount, the class B available subordinated amount, the class M available subordinated amount, the class C available subordinated amount and the class D subordinated amount for the purposes of the above, each such calculation is made assuming in each case for the purpose of these calculations that any amounts then standing to the credit of a non-monthly term advance principal ledger in respect of an original non-monthly pass-through term advance (after crediting any amounts to such ledger in accordance with the pre-trigger event, pre enforcement principal priority of payments on such Funding 1 payment date and after debiting any amounts from such ledger that are required to be so debited on such Funding 1 payment date) on such Funding 1 payment date

shall reduce the outstanding principal amount of such non-monthly pass-through term advance on such Funding 1 payment date.

See "**The issuance of notes**" for a description of the various required subordinated amounts and available subordinated amounts.

(C) If on a Funding 1 payment date:

1. one or more bullet term advances are within a cash accumulation period at that time; and

2. either:

(i) the quarterly CPR is less than X%; or

(ii) both:

(A) the quarterly CPR is equal to or greater than X%, but less than 20%, and

(B) the annualised CPR is less than X%,

where X is the percentage number specified in the most recent final terms.

then, the scheduled amortisation term advances will be entitled to principal repayments under items (c), (d), (e),(f), (g) and (h) of the Funding 1 pre-trigger event, pre enforcement principal priority of payments set out above only to the extent permitted under the scheduled amortisation repayment restrictions (as defined below).

(D) If on a Funding 1 payment date:

1. one or more bullet term advances and/or scheduled amortisation instalments are within a cash accumulation period at that time;

2. the quarterly CPR is less than 100% or, in respect of an original pass-through term advance designated in the applicable final terms (or, in the case of exempt notes, the applicable pricing supplement) as a rule 1(D) lower percentage pass-through term advance (a **rule 1(D) lower percentage pass-through term advance**), the quarterly CPR is less than the percentage specified in the applicable final terms (or, in the case of exempt notes, the applicable pricing supplement) (the **rule 1(D) lower percentage**); and

3. there is a cash accumulation shortfall at that time,

then:

(i) each original pass-through term advance not being a rule 1(D) lower percentage pass-through term advance; and

(ii) each rule 1(D) lower percentage pass-through term advance in respect of which the quarterly CPR is lower than the rule 1(D) lower percentage specified for that rule 1(D) lower percentage pass-through term advance,

will be entitled to principal repayments or provisions under items (c), (d), (e), (f), (g) and (h) of the Funding 1 pre trigger event, pre-enforcement principal priority of payments above only to the extent permitted under the pass-through repayment restrictions (as defined below).

(E) If on a Funding 1 payment date in respect of which principal in respect of any term AA advance, term A advance, term BBB advance, term BB advance and/or term NR advance of a particular series is scheduled to be repaid or provided for and, as at such Funding 1 payment date, one or more term AAA advances of that series remains outstanding and is not scheduled to be repaid or provided for on such Funding 1 payment date, such term AA advance, term A advance, term BBB advance, term BB advance and/or term NR advance shall only be repaid or provided for if confirmation is received from S&P that the rating of the rated notes then outstanding shall not be reduced, withdrawn or qualified as a result of such repayment or provision (and advance notice in writing of such repayment has been provided to Moody's and Fitch) (provided that such confirmation from S&P shall not be required to the extent such rating agency does not maintain a rating of any notes which are outstanding).

In this base prospectus:

annualised CPR means the result of:

$$1 – ((1 – M)^12)$$

where:

M is expressed as a percentage and determined as at the most recent trust calculation date as indicated in the definition of **anticipated cash accumulation period** (see "**The Mortgages Trust—Cash management of trust property – principal receipts**");

bullet accumulation liability means, on any Funding 1 payment date, prior to any payment or provision under item (i) of the Funding 1 pre-trigger event, pre-enforcement principal priority of payments, the aggregate of the relevant accumulation amount at that time of each bullet term advance which is within a cash accumulation period;

bullet accumulation shortfall means, at any time, that the cash accumulation ledger amount is less than the bullet accumulation liability;

cash accumulation liability means, on any Funding 1 payment date, prior to any payment or provision under item (i) of the Funding 1 pre-trigger event, pre-enforcement principal priority of payments the sum of:

(a) the bullet accumulation liability at that time; and

(b) the aggregate of the relevant accumulation amount at that time of each scheduled amortisation instalment which is within a cash accumulation period;

cash accumulation shortfall means the cash accumulation ledger amount being less than the cash accumulation liability;

cash accumulation ledger amount means, at any time, the amount standing to the credit of the cash accumulation ledger at that time (immediately prior to any drawing to be applied or provided for on that Funding 1 payment date and prior to any payment under item (i) of the above priority of payments);

pass-through repayment restrictions means, on any Funding 1 payment date, that no amount may be applied or provided for in repayment of any original pass-through term advance unless:

(a) the sum of the cash accumulation ledger amount and the amount of Funding 1 available principal receipts after the application of items (a) and (b) and before item (c) of the Funding 1 pre-trigger event, pre-enforcement principal priority of payments,

is greater than or equal to:

(b) the cash accumulation liability as at that time,

in which case the amount of Funding 1 available principal receipts that may be applied or provided for in repayment of any original pass-through term advance shall be restricted to the amount by which (a) exceeds (b).

scheduled amortisation repayment restrictions means, on any Funding 1 payment date:

(a) where there is not a bullet accumulation shortfall at that time, the total amount withdrawn from the cash accumulation ledger on that Funding 1 payment date for repayment of the relevant scheduled amortisation instalments shall not exceed the cash accumulation ledger amount less the bullet accumulation liability at that time; and

(b) where there is a bullet accumulation shortfall at that time:

(i) no amount may be withdrawn from the cash accumulation ledger on that Funding 1 payment date to be applied in repayment of the relevant scheduled amortisation instalments; and

(ii) no amount may be applied in repayment of the relevant scheduled amortisation instalments unless:

(A) the sum of the cash accumulation ledger amount and the amount of Funding 1 available principal receipts after the application of items (a), (b) and before item (c) of the Funding 1 pre-trigger event, pre-enforcement principal priority of payments,

is greater than or equal to

(B) the bullet accumulation liability which is due as at that time,

in which case the amount of Funding 1 Available Principal Receipts that may be applied or provided for in repayment of a Scheduled Amortisation Instalment shall be restricted to the amount by which (A) exceeds (B).

Rule (2) – Repayment of payable pass-through term advances after a due and payable date for pass-through term advances

On or following the date on which a pass-through term advance is due and payable (but not in respect of other amounts due and payable under a scheduled amortisation term advance (including, for the avoidance of doubt, amounts which are not scheduled amortisation instalments), but only where these amounts are due and payable prior to the occurrence of a trigger event or prior to the Funding 1 security or the issuer security being enforced) and provided that the Funding 1 share of the trust property is greater than zero, the aggregate amount repaid or provided for on a Funding 1 payment date in relation to that term advance under items (c), (d), (e), (f), (g) and (h) of the Funding 1 pre-trigger event, pre-enforcement principal priority of payments shall be limited to an amount calculated as follows:

$$\text{Funding 1 principal funds} \times \frac{\text{Outstanding principal amount of the relevant pass-through term advance due on that date (after deducting any amount standing to the credit of the non-monthly term advance principal ledger for such term advance)}}{}$$

Aggregate outstanding principal amount of all term advances (after deducting the aggregate amount standing to the credit of the non-monthly term advance principal ledgers for all term advances) minus the aggregate outstanding principal amount of term NR advances that are not due and payable

where **Funding 1 principal funds** means in respect of any Funding 1 payment date the sum of:

(A) the aggregate of the following amount for the trust calculation period ending immediately prior to such Funding 1 payment date (disregarding for the purposes of this calculation the recalculation of any amounts with respect to any interim trust calculation period during such trust calculation period), such amount being the product of:

1. the Funding 1 share percentage as calculated with effect from the start of such trust calculation period; and

2. the aggregate amount of principal receipts received by the mortgages trustee in such trust calculation period;

(B) the amount credited to the principal deficiency ledger on such Funding 1 payment date; and

(C) the amount, if any, credited to the Funding 1 principal ledger pursuant to item (j) of the Funding 1 pre-trigger event, pre-enforcement principal priority of payments on the Funding 1 payment date immediately preceding such Funding 1 payment date.

Allocations involving rule (2)

Where Rule (2) applies at a level of any priority of payments, the funds available for making payments at that level shall first be allocated without reference to Rule (2). However, if the amount so allocated to one or more term advances exceeds the amount permitted under Rule (2) to be paid or provided for in respect of those term advances (the **capped term advances**), the excess shall then be reallocated among any other relevant term advances at that level using the method of allocation as applies at that level but without reference to the capped term advances in calculating such reallocation. If a further such excess arises as a result of the reallocation process, the reallocation process shall be repeated at that level in relation to each such further excess that arises until no further funds can be allocated at that level following which the remaining excess shall then be applied at the next level of that priority of payments.

Rules (1) and (2) above are referred to in this base prospectus as the **repayment tests**.

Repayment of term advances after a non-asset trigger event but before intercompany loan acceleration or acceleration of all notes

Following the occurrence of a non-asset trigger event (where no asset trigger event has occurred) under the mortgages trust deed but prior to the service on Funding 1 of an intercompany loan acceleration notice under the intercompany loan agreement or the service on the issuer of a note acceleration notice under the terms and conditions of the notes, the bullet term advances and the scheduled amortisation term advances and the non-monthly pass-through term advances will be deemed to be monthly pass-through term advances and on each Funding 1 payment date Funding 1 will be required to apply or provide for Funding 1 available principal receipts in the following priority:

(a) to the extent only that monies have been drawn from the general reserve fund to make Funding 1 reserve principal payments in respect of a previous Funding 1 interest period,

towards a credit to the general reserve ledger to the extent the amount standing to the credit thereof is less than the Funding 1 reserve required amount;

(b) if a Funding 1 liquidity reserve rating event has occurred and is continuing (i) to initially fund the Funding 1 liquidity reserve fund up to the Funding 1 liquidity reserve fund required amount and (ii) once it has been initially funded, to the extent that Funding 1 available revenue receipts are insufficient to do so, to replenish the Funding 1 liquidity reserve fund up to the Funding 1 liquidity reserve fund required amount;

(c) in each case in order of their final repayment dates beginning with the earliest such date (and if two or more term AAA advances have the same final repayment date, in proportion to the respective amounts outstanding (or, in respect of an original non-monthly pass-through term AAA advance, the outstanding principal amount of such original non-monthly pass-through term AAA advance less the amount (if any) standing to the credit of the non-monthly term AAA advance principal ledger for such original non-monthly pass-through term AAA advance)), to repay the term AAA advances due and payable on such Funding 1 payment date until such term AAA advances are fully repaid, taking into account any amounts standing to the credit of the non-monthly term AAA advance principal ledger for any original non-monthly pass-through term AAA advance and which are to be applied in repayment of the outstanding principal amounts of such original non-monthly pass-through term advances on such Funding 1 payment date;

(d) in no order of priority among them, but in proportion to the respective amounts outstanding (or, in respect of an original non-monthly pass-through term AA advance, the outstanding principal amount of such original non-monthly pass-through term AA advance less the amount (if any) standing to the credit of the non-monthly term AA advance principal ledger for such original non-monthly pass-through term AA advance), to repay the term AA advances due and payable on such Funding 1 payment date until such term AA advances are fully repaid, taking into account any amounts standing to the credit of the non-monthly term AA advance principal ledger for any original non-monthly pass-through term AA advance and which are to be applied in repayment of the outstanding principal amounts of such original non-monthly pass-through term advances on such Funding 1 payment date;

(e) in no order of priority among them, but in proportion to the respective amounts outstanding (or, in respect of an original non-monthly pass-through term A advance, the outstanding principal amount of such original non-monthly pass-through term A advance less the amount (if any) standing to the credit of the non-monthly term A advance principal ledger for such original non-monthly pass-through term A advance), to repay the term A advances due and payable on such Funding 1 payment date until such term A advances are fully repaid, taking into account any amounts standing to the credit of the non-monthly term A advance principal ledger for such original non-monthly pass-through term A advance and which are to be applied in repayment of the outstanding principal amounts of such original non-monthly pass-through term advances on such Funding 1 payment date;

(f) in no order of priority among them, but in proportion to the respective amounts outstanding (or, in respect of an original non-monthly pass-through term BBB advance, the outstanding principal amount of such original non-monthly pass-through term BBB advance less the amount (if any) standing to the credit of the non-monthly term BBB advance principal ledger for such original non-monthly pass-through term BBB advance), to repay the term BBB advances due and payable on such Funding 1 payment date until such term BBB advances are fully repaid, taking into account any amounts standing to the credit of the non-monthly term BBB advance principal ledger for any

original non-monthly pass-through term BBB advance and which are to be applied in repayment of the outstanding principal amounts of such original non-monthly pass-through term advances on such Funding 1 payment date;

(g) in no order of priority among them, but in proportion to the respective amounts outstanding (or, in respect of an original non-monthly pass-through term BB advance, the outstanding principal amount of such original non-monthly pass-through term BB advance less the amount (if any) standing to the credit of the non-monthly term BB advance principal ledger for such original non-monthly pass-through term BB advance), to repay the term BB advances due and payable on such Funding 1 payment date until such term BB advances are fully repaid, taking into account any amounts standing to the credit of the non-monthly term BB advance principal ledger for any original non-monthly pass-through term BB advance and which are to be applied in repayment of the outstanding principal amounts of such original non-monthly pass-through term advances on such Funding 1 payment date; and

(h) in no order of priority among them, but in proportion to the respective amounts outstanding (or, in respect of an original non-monthly pass-through term NR advance, the outstanding principal amount of such original non-monthly pass-through term NR advance less the amount (if any) standing to the credit of the non-monthly term NR advance principal ledger for such original non-monthly pass-through term NR advance), to repay the term NR advances due and payable on such Funding 1 payment date until such term NR advances are fully repaid, taking into account any amounts standing to the credit of the non-monthly term NR advance principal ledger for any original non-monthly pass-through term NR advance and which are to be applied in repayment of the outstanding principal amounts of such original non-monthly pass-through term advances on such Funding 1 payment date.

On the Funding 1 payment date upon which any original non-monthly pass-through term advance is due to be repaid, the cash manager shall in addition to any amount to be applied towards payment of such principal amount due in accordance with, as applicable, items (c), (d), (e), (f), (g) and (h) above debit the non-monthly term advance principal ledger for such original non-monthly term advance in an amount not to exceed the amount which is due to be repaid on such Funding 1 payment date in respect of such original non-monthly term advance and apply amounts standing to the credit of the non-monthly term advance principal ledger for such original non-monthly term advance, to make such repayment. Amounts credited to a ledger in respect of a particular original non-monthly term advance may not be applied towards payment in respect of any other term advance.

Amounts credited to a non-monthly term advance principal ledger in respect of an original non-monthly pass-through term advance prior to the occurrence of a non-asset trigger event and/or an asset trigger event and prior to the service on Funding 1 of an intercompany loan acceleration notice or the service on the issuer of a note acceleration notice may only be applied (following the occurrence of a non-asset trigger event, but prior to the occurrence of an asset trigger event and prior to the service on Funding 1 of an intercompany loan acceleration notice or the service on the issuer of a note acceleration notice) towards the payment of the principal amount due on such non-monthly original pass-through term advance on the next following interest payment date for such term advance.

Repayment of term advances after an asset trigger event but before intercompany loan acceleration notice or acceleration of all notes

Following the occurrence of an asset trigger event (whether or not a non-asset trigger event occurs or has occurred) but prior to the service on Funding 1 of an intercompany loan acceleration notice under the intercompany loan agreement or the service on the issuer of a note acceleration notice under the terms and conditions of the notes, the bullet term advances, the scheduled amortisation term advances and the non-monthly pass-through term advances will be deemed to be monthly pass-through term

advances and on each Funding 1 payment date Funding 1 will be required to apply or provide for Funding 1 available principal receipts in the following priority:

(a) to the extent only that monies have been drawn from the general reserve fund to make Funding 1 reserve principal payments in respect of a previous Funding 1 interest period, towards a credit to the general reserve ledger to the extent the amount standing to the credit thereof is less than the Funding 1 reserve required amount;

(b) if a Funding 1 liquidity reserve rating event has occurred and is continuing (i) to initially fund the Funding 1 liquidity reserve fund up to the Funding 1 liquidity reserve fund required amount and (ii) once it has been initially funded, to the extent that Funding 1 available revenue receipts are insufficient to do so, to replenish the Funding 1 liquidity reserve fund up to the Funding 1 liquidity reserve fund required amount;

(c) without priority among them, but in proportion to the respective amounts outstanding (or, in respect of an original non-monthly pass-through term AAA advance, the outstanding principal amount of such original non-monthly pass-through term AAA advance less the amount (if any) standing to the credit of the non-monthly term AAA advance principal ledger for such original non-monthly pass-through term AAA advance), to repay the term AAA advances due and payable on such Funding 1 payment date until such term AAA advances are fully repaid, taking into account any amounts standing to the credit of the non-monthly term AAA advance principal ledger for any original non-monthly pass-through term AAA advance and which are to be applied in repayment of the outstanding principal amounts of such original non-monthly pass-through term advances on such Funding 1 payment date;

(d) without priority among them, but in proportion to the respective amounts outstanding (or, in respect of an original non-monthly pass-through term AA advance, the outstanding principal amount of such original non-monthly pass-through term AA advance less the amount (if any) standing to the credit of the non-monthly term AA advance principal ledger for such original non-monthly pass-through term AA advance), to repay the term AA advances due and payable on such Funding 1 payment date until such term AA advances are fully repaid, taking into account any amounts standing to the credit of the non-monthly term AA advance principal ledger for any original non-monthly pass-through term AA advance and which are to be applied in repayment of the outstanding principal amounts of such original non-monthly pass-through term advances on such Funding 1 payment date;

(e) without priority among them, but in proportion to the respective amounts outstanding (or, in respect of an original non-monthly pass-through term A advance, the outstanding principal amount of such original non-monthly pass-through term A advance less the amount (if any) standing to the credit of the non-monthly term A advance principal ledger for such original non-monthly pass-through term A advance), to repay the term A advances due and payable on such Funding 1 payment date until such term A advances are fully repaid, taking into account any amounts standing to the credit of the non-monthly term A advance principal ledger for any original non-monthly pass-through term A advance and which are to be applied in repayment of the outstanding principal amounts of such original non-monthly pass-through term advances on such Funding 1 payment date;

(f) without priority among them, but in proportion to the respective amounts outstanding (or, in respect of an original non-monthly pass-through term BBB advance, the outstanding principal amount of such original non-monthly pass-through term BBB advance less the amount (if any) standing to the credit of the non-monthly term BBB advance principal ledger for such original non-monthly pass-through term BBB

advance), to repay the term BBB advances due and payable on such Funding 1 payment date until such term BBB advances are fully repaid, taking into account any amounts standing to the credit of the non-monthly term BBB advance principal ledger for any original non-monthly pass-through term BBB advance and which are to be applied in repayment of the outstanding principal amounts of such original non-monthly pass-through term advances on such Funding 1 payment date;

(g) without priority among them, but in proportion to the respective amounts outstanding (or, in respect of an original non-monthly pass-through term BB advance, the outstanding principal amount of such original non-monthly pass-through term BB advance less the amount (if any) standing to the credit of the non-monthly term BB advance principal ledger for such original non-monthly pass-through term BB advance), to repay the term BB advances due and payable on such Funding 1 payment date until such term BB advances are fully repaid, taking into account any amounts standing to the credit of the non-monthly term BB advance principal ledger for any original non-monthly pass-through term BB advance and which are to be applied in repayment of the outstanding principal amounts of such original non-monthly pass-through term advances on such Funding 1 payment date; and

(h) without priority among them, but in proportion to the respective amounts outstanding (or, in respect of an original non-monthly pass-through term NR advance, the outstanding principal amount of such original non-monthly pass-through term NR advance less the amount (if any) standing to the credit of the non-monthly term NR advance principal ledger for such original non-monthly pass-through term NR advance), to repay the term NR advances due and payable on such Funding 1 payment date until such term NR advances are fully repaid, taking into account any amounts standing to the credit of the non-monthly term NR advance principal ledger for any original non-monthly pass-through term NR advance and which are to be applied in repayment of the outstanding principal amounts of such original non-monthly pass-through term advances on such Funding 1 payment date.

On the Funding 1 payment date upon which any original non-monthly pass-through term advance is due to be repaid, the cash manager shall in addition to any amount to be applied towards payment of such principal amount due in accordance with, as applicable, items (c), (d), (e), (f), (g) and (h) above debit the non-monthly term advance principal ledger for such original non-monthly term advance in an amount not to exceed to the amount which is due to be repaid on such Funding 1 payment date in respect of such original non-monthly term advance and apply amounts standing to the credit of the non-monthly term advance principal ledger for such original non-monthly term advance, to make such repayment. Amounts credited to a ledger in respect of a particular original non-monthly term advance may not be applied towards payment in respect of any other term advance.

Amounts credited to a non-monthly term advance principal ledger in respect of an original non-monthly pass-through term advance prior to the occurrence of a non-asset trigger event and/or an asset trigger event and prior to the service on Funding 1 of an intercompany loan acceleration notice or the service on the issuer of a note acceleration notice may only be applied (following the occurrence of an asset trigger event but prior to the service on Funding 1 of an intercompany loan acceleration notice or the service on the issuer of a note acceleration notice) towards the payment of the principal amount due on such non-monthly original pass-through term advance on the next following interest payment date for such term advance.

Repayment of term advances after acceleration of all notes but before intercompany loan acceleration

If a note acceleration notice is served on the issuer under the terms and conditions of the notes, then that will not result in automatic enforcement of the Funding 1 security under the Funding 1 deed of charge. In those circumstances, however, the bullet term advances and any scheduled amortisation term

advances and the non-monthly pass-through term advances will be deemed to be pass-through term advances and on each Funding 1 payment date Funding 1 will be required to apply or provide for Funding 1 available principal receipts in the following priority:

(a) to the extent only that monies have been drawn from the general reserve fund to make Funding 1 reserve principal payments in respect of a previous Funding 1 interest period, towards a credit to the general reserve ledger to the extent the amount standing to the credit thereof is less than the Funding 1 reserve required amount;

(b) if a Funding 1 liquidity reserve rating event has occurred and is continuing (i) to initially fund the Funding 1 liquidity reserve fund up to the Funding 1 liquidity reserve fund required amount and (ii) once it has been initially funded, to the extent that Funding 1 available revenue receipts are insufficient to do so, to replenish the Funding 1 liquidity reserve fund up to the Funding 1 liquidity reserve fund required amount;

(c) without priority among them, but in proportion to the respective amounts outstanding (or, in respect of an original non-monthly pass-through term AAA advance, the outstanding principal amount of such original non-monthly pass-through term AAA advance less the amount (if any) standing to the credit of the non-monthly term AAA advance principal ledger for such original non-monthly pass-through term AAA advance), to repay the term AAA advances due and payable on such Funding 1 payment date until such term AAA advances are fully repaid, taking into account any amounts standing to the credit of the non-monthly term AAA advance principal ledger for any original non-monthly pass-through term AAA advance and which are to be applied in repayment of the outstanding principal amounts of such original non-monthly pass-through term advances on such Funding 1 payment date;

(d) without priority among them, but in proportion to the respective amounts outstanding (or, in respect of an original non-monthly pass-through term AA advance, the outstanding principal amount of such original non-monthly pass-through term AA advance less the amount (if any) standing to the credit of the non-monthly term AA advance principal ledger for such original non-monthly pass-through term AA advance), to repay the term AA advances due and payable on such Funding 1 payment date until such term AA advances are fully repaid, taking into account any amounts standing to the credit of the non-monthly term AA advance principal ledger for any original non-monthly pass-through term AA advance and which are to be applied in repayment of the outstanding principal amounts of such original non-monthly pass-through term advances on such Funding 1 payment date;

(e) without priority among them, but in proportion to the respective amounts outstanding (or, in respect of an original non-monthly pass-through term A advance, the outstanding principal amount of such original non-monthly pass-through term A advance less the amount (if any) standing to the credit of the non-monthly term A advance principal ledger for such original non-monthly pass-through term A advance), to repay the term A advances due and payable on such Funding 1 payment date until such term A advances are fully repaid, taking into account any amounts standing to the credit of the non-monthly term A advance principal ledger for any original non-monthly pass-through term A advance and which are to be applied in repayment of the outstanding principal amounts of such original non-monthly pass-through term advances on such Funding 1 payment date;

(f) without priority among them, but in proportion to the respective amounts outstanding (or, in respect of an original non-monthly pass-through term BBB advance, the outstanding principal amount of such original non-monthly pass-through term BBB advance less the amount (if any) standing to the credit of the non-monthly term BBB

advance principal ledger for such original non-monthly pass-through term BBB advance), to repay the term BBB advances due and payable on such Funding 1 payment date until such term BBB advances are fully repaid, taking into account any amounts standing to the credit of the non-monthly term BBB advance principal ledger for any original non-monthly pass-through term BBB advance and which are to be applied in repayment of the outstanding principal amounts of such original non-monthly pass-through term advances on such Funding 1 payment date;

(g) without priority among them, but in proportion to the respective amounts outstanding (or, in respect of an original non-monthly pass-through term BB advance, the outstanding principal amount of such original non-monthly pass-through term BB advance less the amount (if any) standing to the credit of the non-monthly term BB advance principal ledger for such original non-monthly pass-through term BB advance), to repay the term BB advances due and payable on such Funding 1 payment date until such term BB advances are fully repaid, taking into account any amounts standing to the credit of the non-monthly term BB advance principal ledger for any original non-monthly pass-through term BB advance and which are to be applied in repayment of the outstanding principal amounts of such original non-monthly pass-through term advances on such Funding 1 payment date; and

(h) without priority among them, but in proportion to the respective amounts outstanding (or, in respect of an original non-monthly pass-through term NR advance, the outstanding principal amount of such original non-monthly pass-through term NR advance less the amount (if any) standing to the credit of the non-monthly term NR advance principal ledger for such original non-monthly pass-through term NR advance), to repay the term NR advances due and payable on such Funding 1 payment date until such term NR advances are fully repaid, taking into account any amounts standing to the credit of the non-monthly term NR advance principal ledger for any original non-monthly pass-through term NR advance and which are to be applied in repayment of the outstanding principal amounts of such original non-monthly pass-through term advances on such Funding 1 payment date.

On the Funding 1 payment date upon which any original non-monthly pass-through term advance is due to be repaid, the cash manager shall in addition to any amount to be applied towards payment of such principal amount due in accordance with, as applicable, items (c) ,(d), (e), (f), (g) and (h) above debit the non-monthly term advance principal ledger for such original non-monthly term advance in an amount not to exceed to the amount which is due to be repaid on such Funding 1 payment date in respect of such original non-monthly term advance and apply amounts standing to the credit of the non-monthly term advance principal ledger for such original non-monthly term advance, to make such repayment. Amounts credited to a ledger in respect of a particular original non-monthly term advance may not be applied towards payment in respect of any other term advance.

Amounts credited to a non-monthly term advance principal ledger in respect of an original non-monthly pass-through term advance prior to the occurrence of a non-asset trigger event and/or an asset trigger event and prior to the service on Funding 1 of an intercompany loan acceleration notice or the service on the issuer of a note acceleration notice may only be applied (following the service on the issuer of a note acceleration notice but prior to the service on Funding 1 of an intercompany loan acceleration notice) towards the payment of the principal amount due on such non-monthly original pass-through term advance on the next following interest payment date for such term advance.

Repayment of term advances when Funding 1 receives an amount outstanding under the proceeds of a further term advance or a refinancing distribution

If either:

(a) the proceeds of a further term advance (or part thereof) are to be used to refinance all or part of a term advance under the intercompany loan agreement made to Funding 1 as described in "**The intercompany loan agreement—New intercompany loan agreements**"; or

(b) Funding 1 has received, or will receive during the Funding 1 interest period ending on the relevant Funding 1 payment date, a refinancing distribution funded by itself or by another beneficiary and either:

(i) the issuer has issued, or will issue within the period of 60 days of receipt of that refinancing distribution, a notice to noteholders of redemption in full (or, in the case of the class Z variable funding notes, in full or in part) of the notes in the circumstances set out in (and in accordance with) the terms and conditions of the notes; or

(ii) with the consent of Funding 1 and the Funding 1 security trustee, the contributing beneficiary specifies that the proceeds of the refinancing distribution are to be applied (in whole or in part) by Funding 1 towards repayment of all or part of the term advance under the intercompany loan agreement,

then Funding 1 will not apply or provide for the amounts received under the further term advance and/or the relevant refinancing distribution as described above in "**Distribution of Funding 1 available principal receipts**" and such amounts will not form part of the Funding 1 available principal receipts. Rather, Funding 1 will apply the amount received under the new intercompany loan or, as applicable, the relevant refinancing distribution to repay the relevant term advance (or relevant instalment in the case of a scheduled amortisation term advance) under the intercompany loan agreement on its due date. If (at any time) only one term advance is outstanding under the intercompany loan, then Funding 1 shall apply the amount received under the new intercompany loan or, as applicable, the relevant refinancing distribution to repay such term advance.

Definition of issuer principal receipts

Prior to the service of a note acceleration notice on the issuer, **issuer principal receipts** will be calculated by the issuer cash manager on each issuer calculation date and will (for an issuer payment date) be an amount equal to all principal amounts paid or to be paid by Funding 1 to the issuer in respect of the term advances under the intercompany loan on the Funding 1 payment date immediately following the relevant issuer calculation date. Following the service of a note acceleration notice on the issuer, but prior to the service of an intercompany loan acceleration notice on Funding 1, **issuer principal receipts** means the sum calculated by the issuer security trustee on each issuer calculation date as the principal amounts paid or to be paid by Funding 1 to the issuer under the intercompany loan on the Funding 1 payment date immediately following the relevant issuer calculation date and any other sum otherwise recovered by the issuer security trustee (or the receiver appointed on its behalf) that may be applied towards repayment of the principal amount outstanding of the notes.

Distribution of issuer principal receipts before note acceleration

Prior to the service of a note acceleration notice on the issuer, the issuer, or the issuer cash manager on its behalf, will apply any issuer principal receipts on each issuer payment date to repay the notes in the following manner (the **issuer pre-enforcement principal priority of payments**):

(a) the class A notes: from principal amounts received by the issuer from Funding 1 in respect of each term AAA advance due and payable on such issuer payment date (and in respect of (ii) below, the principal amounts received (if any) from the issuer swap

providers under the relevant issuer swap agreements in respect of the related series and class (or sub-class) of notes):

(i) to pay amounts due and payable in respect of principal on such issuer payment date to the relevant 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 issuer swap agreements; and

(ii) to pay amounts due and payable in respect of principal (if any) on such issuer payment date on the related series and class (or sub-class) of class A notes;

(b) the class B notes: from principal amounts received by the issuer from Funding 1 in respect of each term AA advance due and payable on such issuer payment date (and in respect of (ii) below, the principal amounts received (if any) from the issuer swap providers under the relevant issuer swap agreements in respect of the related series and class (or sub-class) of notes):

(i) to pay amounts due and payable in respect of principal on such issuer payment date to the relevant 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 issuer swap agreements; and

(ii) to pay amounts due and payable in respect of principal (if any) on such issuer payment date on the related series and class (or sub-class) of class B notes;

(c) the class M notes: from principal amounts received by the issuer from Funding 1 in respect of each term A advance due and payable on such issuer payment date (and in respect of (ii) below, the principal amounts received (if any) from the issuer swap providers under the relevant issuer swap agreements in respect of the related series and class (or sub-class) of notes):

(i) to pay amounts due and payable in respect of principal on such issuer payment date to the relevant 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 issuer swap agreements; and

(ii) to pay amounts due and payable in respect of principal (if any) on such issuer payment date on the related series and class (or sub-class) of class M notes;

(d) the class C notes: from principal amounts received by the issuer from Funding 1 in respect of each term BBB advance due and payable on such issuer payment date (and in respect of (ii) below, the principal amounts received (if any) from the issuer swap providers under the relevant issuer swap agreements in respect of the related series and class (or sub-class) of notes):

(i) to pay amounts due and payable in respect of principal on such issuer payment date to the relevant 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 issuer swap agreements; and

(ii) to pay amounts due and payable in respect of principal (if any) on such issuer payment date on the related series and class (or sub-class) of class C notes;

(e) the class D notes: from principal amounts received by the issuer from Funding 1 in respect of each term BB advance due and payable on such issuer payment date (and in

respect of (ii) below, the principal amounts received (if any) from the issuer swap providers under the relevant issuer swap agreements in respect of the related series and class (or sub-class) of notes):

(i) to pay amounts due and payable in respect of principal on such issuer payment date to the relevant issuer swap providers in respect of the related series and class (or sub-class) of class D notes in accordance with the terms of the relevant issuer swap agreements; and

(ii) to pay amounts due and payable in respect of principal (if any) on such issuer payment date on the related series and class (or sub-class) of class D notes;

(f) the class Z notes: from principal amounts received by the issuer from Funding 1 in respect of each term NR advance due and payable on such issuer payment date (and in respect of (ii) below, the principal amounts received (if any) from the issuer swap providers under the relevant issuer swap agreements in respect of the related series and class (or sub-class) of notes):

(i) to pay amounts due and payable in respect of principal on such issuer payment date to the relevant 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 issuer swap agreements; and

(ii) to pay amounts due and payable in respect of principal (if any) on such issuer payment date on the related series and class (or sub-class) of class Z notes.

In respect of the notes of each series or class (or sub-class) in respect of which principal is due and payable on an interest payment date which falls on a date which is not an issuer payment date, the issuer cash manager shall, from principal amounts received by the issuer from to the relevant issuer swap provider(s) (if any) in respect of such series and class (or sub-class) of notes in accordance with the terms of the relevant issuer swap agreement, pay principal due and payable on such series and class (or sub-class) of notes on such interest payment date.

Distribution of issuer principal receipts after note acceleration but before intercompany loan acceleration

The issuer deed of charge sets out the priority of distribution of issuer principal receipts received or recovered by the issuer security trustee (or a receiver appointed on its behalf) following the service of a note acceleration notice on the issuer but prior to the service of an intercompany loan acceleration notice on Funding 1. In these circumstances, the issuer security trustee will apply issuer principal receipts on each issuer payment date to repay the notes in the following manner (the **issuer post-enforcement principal priority of payments**):

(a) the class A notes: from principal amounts received by the issuer from Funding 1 in respect of each term AAA advance due and payable on such issuer payment date (and in respect of (ii) below, the principal amounts received (if any) from the issuer swap providers under the relevant issuer swap agreements in respect of the related series and class (or sub-class) of notes):

(i) to pay amounts due and payable in respect of principal) on such issuer payment date to the relevant 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 issuer swap agreements; and

(ii) to pay amounts due and payable in respect of principal (if any) on such issuer payment date on the related series and class (or sub-class) of class A notes;

(b) the class B notes: from principal amounts received by the issuer from Funding 1 in respect of each term AA advance due and payable on such issuer payment date (and in respect of (ii) below, the principal amounts received (if any) from the issuer swap providers under the relevant issuer swap agreements in respect of the related series and class (or sub-class) of notes):

(i) to pay amounts due and payable in respect of principal on such issuer payment date to the relevant 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 issuer swap agreements; and

(ii) to pay amounts due and payable in respect of principal (if any) on such issuer payment date on the related series and class (or sub-class) of class B notes;

(c) the class M notes: from principal amounts received by the issuer from Funding 1 in respect of each term A advance due and payable on such issuer payment date (and in respect of (ii) below, the principal amounts received (if any) from the issuer swap providers under the relevant issuer swap agreements in respect of the related series and class (or sub-class) of notes):

(i) to pay amounts due and payable in respect of principal on such issuer payment date to the relevant 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 issuer swap agreements; and

(ii) to pay amounts due and payable in respect of principal (if any) on such issuer payment date on the related series and class (or sub-class) of class M notes;

(d) the class C notes: from principal amounts received by the issuer from Funding 1 in respect of each term BBB advance due and payable on such issuer payment date (and in respect of (ii) below, the principal amounts received (if any) from the issuer swap providers under the relevant issuer swap agreements in respect of the related series and class (or sub-class) of notes):

(i) to pay amounts due and payable in respect of principal on such issuer payment date to the relevant 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 issuer swap agreements; and

(ii) to pay amounts due and payable in respect of principal (if any) on such issuer payment date on the related series and class (or sub-class) of class C notes;

(e) the class D notes: from principal amounts received by the issuer from Funding 1 in respect of each term BB advance due and payable on such issuer payment date (and in respect of (ii) below, the principal amounts received (if any) from the issuer swap providers under the relevant issuer swap agreements in respect of the related series and class (or sub-class) of notes):

(i) to pay amounts due and payable in respect of principal on such issuer payment date to the relevant issuer swap providers in respect of the related series and class (or sub-class) of class D notes in accordance with the terms of the relevant issuer swap agreements; and

(ii) to pay amounts due and payable in respect of principal (if any) on such issuer payment date on the related series and class (or sub-class) of class D notes;

(f) the class Z notes: from principal amounts received by the issuer from Funding 1 in respect of each term NR advance due and payable on such issuer payment date (and in respect of (ii) below, the principal amounts received (if any) from the issuer swap providers under the relevant issuer swap agreements in respect of the related series and class (or sub-class) of notes):

(i) to pay amounts due and payable in respect of principal on such issuer payment date to the relevant 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 issuer swap agreements; and

(ii) to pay amounts due and payable in respect of principal (if any) on such issuer payment date on the related series and class (or sub-class) of class Z notes.

In respect of the notes of each series or class (or sub-class) in respect of which principal is due and payable on an interest payment date which falls on a date which is not an issuer payment date, the issuer security trustee shall, from principal amounts received by the issuer from to the relevant issuer swap provider(s) (if any) in respect of such series and class (or sub-class) of notes in accordance with the terms of the relevant issuer swap agreement, pay principal due and payable on such series and class (or sub-class) of notes on such interest payment date.

Distribution of Funding 1 principal receipts and Funding 1 revenue receipts following intercompany loan acceleration

The Funding 1 deed of charge sets out the priority of distribution of amounts received or recovered by the Funding 1 security trustee or a receiver appointed on its behalf following the service of an intercompany loan acceleration notice on Funding 1.

The Funding 1 security trustee will apply amounts (other than amounts representing (i) any excess swap collateral which shall be returned directly to the relevant Funding 1 swap provider; (ii) in respect of each Funding 1 swap provider, prior to the designation of an early termination date under the relevant Funding 1 swap agreement and the resulting application of the collateral by way of netting or set-off, an amount equal to the value of all collateral (other than excess swap collateral) provided by such Funding 1 swap provider to Funding 1 pursuant to the relevant Funding 1 swap agreement (and any interest or distributions in respect thereof); and (iii) amounts credited to a non-monthly term advance ledger prior to the service of an intercompany loan acceleration notice on Funding 1, in each case received or recovered following the service of an intercompany loan acceleration notice on Funding 1 on each Funding 1 payment date in accordance with the following order of priority (the **Funding 1 post-enforcement priority of payments**):

(a) without priority among them but in proportion to the respective amounts due:

(i) to pay amounts due to the Funding 1 security trustee and any receiver appointed by the Funding 1 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 Funding 1 security trustee and the receiver in the following Funding 1 interest period under the Funding 1 deed of charge; and

(ii) to pay to the issuer amounts equal to the issuer's obligations specified in items (a) to (e) of the issue pre-enforcement revenue priority of payments or (a) to (d) (inclusive) of the issuer post-enforcement priority of payments (as applicable) (which amounts are payable by Funding 1 to the issuer as part of

the facility fee payable pursuant to the intercompany loan agreement and which may, at the direction of the issuer, be paid directly to the relevant third parties);

(b) without priority among them but in proportion to the respective amounts due:

(i) towards payment of amounts (if any) due to the Funding 1 account bank under the terms of the Funding 1 bank account agreement (including interest and any amount in respect of VAT on those amounts);

(ii) towards payment of amounts (if any) due to the relevant corporate services providers under the Funding 1 corporate services agreement and the Holdings corporate services agreement (including interest and any amount in respect of VAT on those amounts);

(c) towards payment of amounts (if any) due to the Funding 1 swap provider under the Funding 1 swap agreement (including any termination payment but excluding any Funding 1 swap excluded termination amount);

(d) in no order of priority among them, but in proportion to the respective amounts outstanding (or, in respect of an original non-monthly pass-through term AAA advance, the outstanding amount of such original non-monthly pass-through term AAA advance less the aggregate of all amounts (if any) standing to the credit of the non-monthly term AAA advance principal ledger and the non-monthly term AAA advance revenue ledger for such original non-monthly pass-through term AAA advance), towards payments of interest, step-up amounts, principal and fees due and payable on such Funding 1 payment date on the monthly term AAA advances, taking into account any amounts standing to the credit of the non-monthly term AAA advance principal ledger and the non-monthly term AAA advance revenue ledger for an original non-monthly pass-through term AAA advance and which are to be applied in repayment of such amounts for such original non-monthly pass-through term AAA advance on such Funding 1 payment date; and

(e) in no order of priority among them, but in proportion to the respective amounts outstanding (or, in respect of an original non-monthly pass-through term AA advance, the outstanding amount of such original non-monthly pass-through term AA advance less the aggregate of all amounts (if any) standing to the credit of the non-monthly term AA advance principal ledger and the non-monthly term AA advance revenue ledger for such original non-monthly pass-through term AA advance), towards payments of interest, step-up amounts, principal and fees due and payable on such Funding 1 payment date on the monthly term AA advances, taking into account any amounts standing to the credit of the non-monthly term AA advance principal ledger and the non-monthly term AA advance revenue ledger for an original non-monthly pass-through term AA advance and which are to be applied in repayment of such amounts for such original non-monthly pass-through term AA advance on such Funding 1 payment date;

(f) in no order of priority among them, but in proportion to the respective amounts outstanding (or, in respect of an original non-monthly pass-through term A advance, the outstanding amount of such original non-monthly pass-through term A advance less the aggregate of all amounts (if any) standing to the credit of the non-monthly term A advance principal ledger and the non-monthly term A advance revenue ledger for such original non-monthly pass-through term A advance), towards payments of interest, step-up amounts, principal and fees due and payable on such Funding 1 payment date on the monthly term A advances, taking into account any amounts standing to the credit of the non-monthly term A advance principal ledger and the non-monthly term A

advance revenue ledger for an original non-monthly pass-through term A advance and which are to be applied in repayment of such amounts for such original non-monthly pass-through term A advance on such Funding 1 payment date;

(g) in no order of priority among them, but in proportion to the respective amounts outstanding (or, in respect of an original non-monthly pass-through term BBB advance, the outstanding amount of such original non-monthly pass-through term BBB advance less the aggregate of all amounts (if any) standing to the credit of the non-monthly term BBB advance principal ledger and the non-monthly term BBB advance revenue ledger for such original non-monthly pass-through term BBB advance), towards payments of interest, step-up amounts, principal and fees due and payable on such Funding 1 payment date on the monthly term BBB advances, taking into account any amounts standing to the credit of the non-monthly term BBB advance principal ledger and the non-monthly term BBB advance revenue ledger for an original non-monthly pass-through BBB advance and which are to be applied in repayment of such amounts for such original non-monthly pass-through term BBB advance on such Funding 1 payment date;

(h) in no order of priority among them, but in proportion to the respective amounts outstanding (or, in respect of an original non-monthly pass-through term BB advance, the outstanding amount of such original non-monthly pass-through term BB advance less the aggregate of all amounts (if any) standing to the credit of the non-monthly term BB advance principal ledger and the non-monthly term BB advance revenue ledger for such original non-monthly pass-through term BB advance), towards payments of interest, step-up amounts, principal and fees due and payable on such Funding 1 payment date on the monthly term BB advances, taking into account any amounts standing to the credit of the non-monthly term BB advance principal ledger and the non-monthly term BB advance revenue ledger for an original non-monthly pass-through term BB advance and which are to be applied in repayment of such amounts for such original non-monthly pass-through term BB advance on such Funding 1 payment date;

(i) in no order of priority among them, but in proportion to the respective amounts outstanding (or, in respect of an original non-monthly pass-through term NR advance, the outstanding amount of such original non-monthly pass-through term NR advance less the aggregate of all amounts (if any) standing to the credit of the non-monthly term NR advance principal ledger and the non-monthly term NR advance revenue ledger for such original non-monthly pass-through term NR advance), towards payments of interest, step-up amounts, principal and fees due and payable on such Funding 1 payment date on the monthly term NR advances, taking into account any amounts standing to the credit of the non-monthly term NR advance principal ledger and the non-monthly term NR advance revenue ledger for an original non-monthly pass-through term NR advance and which are to be applied in repayment of such amounts for such original non-monthly pass-through term NR advance on such Funding 1 payment date;

(j) towards payment of any amounts due to the issuer equal to the issuer's obligations (if any) to make a termination payment to an issuer swap provider (but excluding any issuer swap excluded termination amount) (which amounts are payable by Funding 1 to the issuer as part of the facility fee payable pursuant to the intercompany loan agreement and which may, at the direction of the issuer, be paid directly to the relevant issuer swap provider);

(k) without priority among them but in proportion to the respective amounts due, to pay (without double counting):

(i) amounts due to the issuer equal to the issuer's obligations (if any) to pay any issuer swap excluded termination amount to an issuer swap provider following an issuer swap provider default or an issuer swap provider downgrade termination event (as appropriate) (which amounts are payable by Funding 1 to the issuer as part of the facility fee payable pursuant to the intercompany loan agreement and which may, at the direction of the issuer, be paid directly to the relevant issuer swap provider);

(ii) any other amounts due to the issuer under the intercompany loan agreement and not otherwise provided for earlier in this priority of payments (which amounts are payable by Funding 1 to the issuer as part of the facility fee payable pursuant to the intercompany loan agreement and which may (except for the issuer profit amount), at the direction of the issuer, be paid directly to the relevant third party);

(iii) the Funding 1 swap excluded termination amount (if any) to the Funding 1 swap provider;

(l) without priority among them but in proportion to the amounts then due, towards payment of amounts due to the start-up loan providers under the start-up loan agreement(s); and

(m) the surplus, if any, to Funding 1.

On the Funding 1 payment date following the service of an intercompany loan acceleration notice on Funding 1 upon which any amount is due and payable in respect of an original non-monthly term advance, the Funding 1 security trustee shall debit the non-monthly term advance principal ledger and the non-monthly term advance revenue ledger, in each case, for such non-monthly term advance in an aggregate amount equal to the lesser of (i) the amount which is due and payable on such Funding 1 payment date in respect of such original non-monthly term advance and (ii) the aggregate amount credited to the non-monthly term advance principal ledger and the non-monthly term advance revenue ledger and apply such amounts to make such payment in whole or in part. Amounts credited to a ledger in respect of a particular original non-monthly term advance may not be applied towards payment in respect of any other amount payable by Funding 1.

Distribution of issuer principal receipts and issuer revenue receipts following note acceleration and intercompany loan acceleration

The issuer deed of charge sets out the priority of distribution by the issuer security trustee, following the service of a note acceleration notice on the issuer and the service of an intercompany loan acceleration notice on Funding 1 (known as the **issuer post-enforcement priority of payments**), of amounts received or recovered by the issuer security trustee (or a receiver appointed on its behalf).

On each issuer payment date, the issuer security trustee will apply amounts (other than amounts representing (i) any excess swap collateral which shall be returned directly to the relevant issuer swap provider; and (ii) in respect of each issuer swap provider, prior to the designation of an early termination date under the relevant issuer swap agreement and the resulting application of the collateral by way of netting or set-off, an amount equal to the value of all collateral (other than excess swap collateral) provided by such issuer swap provider to the issuer pursuant to the relevant issuer swap agreement (and any interest or distributions in respect thereof)) in each case received or recovered following enforcement of the issuer security as follows:

(a) the issuer security trustee and any receiver appointed by the 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 issuer security trustee and the receiver as provided under the provisions of the issuer deed of charge;

(b) 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 as provided under the provisions of the note trust deed; and

(c) without priority among them but in proportion to the respective amounts due, to pay amounts due to the agent bank, the paying agents, the registrar, the exchange rate agent, 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 as provided under the provisions of the paying agent and agent bank agreement;

(d) without priority among them but in proportion to the respective amounts due, to pay amounts due to:

(i) the 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 issuer cash manager in the immediately succeeding issuer calculation period, as provided under the issuer cash management agreement;

(ii) the issuer corporate services provider, together with any amount in respect of VAT on those amounts, and to provide for any amounts due, or to become due to the issuer corporate services provider in the immediately succeeding issuer calculation period, as provided under the issuer corporate services agreement;

(iii) the post-enforcement call option holder corporate services provider, together with any amount in respect of VAT on those amounts, and to provide for any amounts due, or to become due to the post-enforcement call option holder corporate services provider in the immediately succeeding issuer calculation period, as provided under the post enforcement call option holder corporate services agreement; and

(iv) the issuer account bank, together with any amount in respect of VAT on those amounts, and to provide for any amounts due, or to become due to the issuer account bank in the immediately succeeding issuer calculation period, as provided under the issuer bank account agreement;

(e) subject to item (f) below, without priority among them but in proportion to the respective amounts due, to pay amounts due to the issuer swap providers for each series of class A notes (excluding any termination payment);

(f) without priority among them but in proportion to the respective amounts due, to pay interest and any step-up coupon due or overdue on, and to repay principal of, the applicable series of class A notes and to pay any swap termination payment due to the issuer swap provider for each series of class A notes (but excluding any issuer swap excluded termination amount) provided that if the amounts available for distribution under this item (f) (on the assumption that no amounts are due and payable under item (e) and no amounts are received from any issuer swap provider) would be insufficient to pay the sterling equivalent of the amounts due and payable under this item (f), the shortfall will be divided amongst all such amounts on a *pro rata* basis and the amount payable by the issuer to the issuer swap provider in respect of any series of class A notes under item (e) above will be reduced by the amount of the shortfall applicable to that series of class A notes;

(g) subject to item (h) below, without priority among them but in proportion to the respective amounts due, to pay amounts due to the issuer swap providers for each series of class B notes (excluding any termination payment);

(h) without priority among them but in proportion to the respective amounts due, to pay interest and any step-up coupon due or overdue on, and to repay principal of, the applicable series of class B notes and to pay any swap termination payment due to the issuer swap provider for each series of class B notes (but excluding any issuer swap excluded termination amount) provided that if the amounts available for distribution under this item (h) (on the assumption that no amounts are due and payable under item (g) and no amounts are received from any issuer swap provider) would be insufficient to pay the sterling equivalent of the amounts due and payable under this item (h), the shortfall will be divided amongst all such amounts on a pro rata basis and the amount payable by the issuer to the issuer swap provider in respect of any series of class B notes under item (g) above will be reduced by the amount of the shortfall applicable to that series of class B notes;

(i) subject to item (j) below, without priority among them but in proportion to the respective amounts due, to pay amounts due to the issuer swap providers for each series of class M notes (excluding any termination payment);

(j) without priority among them but in proportion to the respective amounts due, to pay interest (and any step-up coupon) due or overdue on, and to repay principal of, the applicable series of class M notes and to pay any swap termination payment due to the issuer swap provider for each series of class M notes (but excluding any issuer swap excluded termination amount) provided that if the amounts available for distribution under this item (j) (on the assumption that no amounts are due and payable under item (i) and no amounts are received from any issuer swap provider) would be insufficient to pay the sterling equivalent of the amounts due and payable under this item (j), the shortfall will be divided amongst all such amounts on a *pro rata* basis and the amount payable by the issuer to the issuer swap provider in respect of any series of class M notes under item (i) above will be reduced by the amount of the shortfall applicable to that series of class M notes;

(k) subject to item (l) below, without priority among them but in proportion to the respective amounts due, to pay amounts due to the issuer swap providers for each series of class C notes (excluding any termination payment);

(l) without priority among them but in proportion to the respective amounts due, to pay interest (and any step-up coupon) due or overdue on, and to repay principal of, the applicable series of class C notes and to pay any swap termination payment due to the issuer swap provider for each series of class C notes (but excluding any issuer swap excluded termination amount) provided that if the amounts available for distribution under this item (l) (on the assumption that no amounts are due and payable under item (k) and no amounts are received from any issuer swap provider) would be insufficient to pay the sterling equivalent of the amounts due and payable under this item (l), the shortfall will be divided amongst all such amounts on a *pro rata* basis and the amount payable by the issuer to the issuer swap provider in respect of any series of class C notes under item (k) above will be reduced by the amount of the shortfall applicable to that series of class C notes;

(m) subject to item (n) below, without priority among them but in proportion to the respective amounts due, to pay amounts due to the issuer swap providers for each series of class D notes (excluding any termination payment);

(n) without priority among them but in proportion to the respective amounts due, to pay interest (and any step-up coupon) due or overdue on, and to repay principal of, the applicable series of class D notes and to pay any swap termination payment due to the issuer swap provider for each series of class D notes (but excluding any issuer swap excluded termination amount) provided that if the amounts available for distribution under this item (n) (on the assumption that no amounts are due and payable under item (m) and no amounts are received from any issuer swap provider) would be insufficient to pay the sterling equivalent of the amounts due and payable under this item (n), the shortfall will be divided amongst all such amounts on a *pro rata* basis and the amount payable by the issuer to the issuer swap provider in respect of any series of class D notes under item (m) above will be reduced by the amount of the shortfall applicable to that series of class D notes; and

(o) subject to item (p) below, without priority among them but in proportion to the respective amounts due, to pay amounts due to the issuer swap provider for each series of class Z notes (excluding any termination payment);

(p) without priority among them but in proportion to the respective amounts due, to pay interest (and any step-up coupon) due or overdue on, and to repay principal of, the applicable series of class Z notes and to pay any swap termination payment due to the issuer swap provider for each series of class Z notes (but excluding any issuer swap excluded termination amount) provided that if the amounts available for distribution under this item (p) (on the assumption that no amounts are due and payable under item (o) and no amounts are received from any issuer swap provider) would be insufficient to pay the sterling equivalent of the amounts due and payable under this item (p), the shortfall will be divided amongst all such amounts on a pro rata basis and the amount payable by the issuer to the issuer swap provider in respect of any series of class Z notes under item (o) above will be reduced by the amount of the shortfall applicable to that series of class Z notes;

(q) without priority among them but in proportion to the respective amounts due, to pay any issuer swap excluded termination amount to each relevant issuer swap provider;

(r) an amount equal to the issuer profit amount to be retained by the issuer as profit less corporation tax thereon; and

(s) the balance to the issuer to be applied on the next interest payment date as issuer principal receipts.

Notwithstanding the above, amounts standing to the credit of any sub-ledger to the issuer revenue ledger and/or the issuer principal ledger (in respect of a series and class (or sub-class) of notes) may only be applied by the issuer security trustee to pay the interest, principal and other amounts due in respect of such series and class (or sub-class) of notes or any shortfall in the amounts available to pay items (a) to (d) (inclusive) under the issuer post-enforcement priority of payments and may not be applied in payment of interest, principal and other amounts due in respect of any other series and class (or sub-class) of notes.

In respect of the notes of each series or class (or sub-class) in respect of which interest (and any step-up coupon) due or overdue on, or principal is due and payable on, an interest payment date which falls on a date which is not an issuer payment date, the issuer security trustee shall, from amounts received by the issuer from to the relevant issuer swap provider(s) (if any) in respect of such series and class (or sub-class) of notes in accordance with the terms of the relevant issuer swap agreement, pay interest (and any step-up coupon) due or overdue on, or principal due and payable on, such series and class (or sub-class) of notes on such interest payment.

Disclosure of modifications to the priorities of payments

Any events which trigger changes in the priorities of payment and any change in the priorities of payments which will materially adversely affect the repayment of the term advances or the notes shall be disclosed without undue delay to the extent required under Article 21(9) of the UK Securitisation Regulation.

USE OF PROCEEDS

The proceeds of the issuance of notes will be advanced to Funding 1 by way of term advances pursuant to the intercompany loan agreement. The use of proceeds of each series of notes will be described in more detail in the applicable final terms (or, in the case of exempt notes, the applicable pricing supplement).

THE ISSUER

Silverstone Master Issuer PLC

Silverstone Master Issuer PLC, referred to in this base prospectus as the **issuer**, was incorporated in England and Wales on 5 June 2008 (registered number 6612744) and is a public limited company under the Companies Act 1985. The registered office of the issuer is c/o Wilmington Trust SP Services (London) Limited, Third Floor, 1 King's Arms Yard, London EC2R 7AF. The telephone number of the issuer's registered office is +44 (0) 20 7397 3600.

The authorised share capital of the issuer comprises 50,000 ordinary shares of £1 each. The issued share capital of the issuer comprises 50,000 ordinary shares of £1 each, 49,999 of which are partly paid to £0.25 each and held legally and beneficially by Holdings and one of which is fully paid up and held by Wilmington Trust SP Services (London) Limited as nominee on behalf of Holdings (see "**Silverstone Securitisation Holdings Limited**"). Under the issuer corporate services agreement, Holdings will agree to comply with all requests of the issuer security trustee in relation to the appointment and/or removal by Holdings of any of the directors of the issuer.

Nationwide has, pursuant to a loan agreement between itself and Holdings, advanced to Holdings the funds required by Holdings to subscribe for its shares in the issuer.

The issuer is organised as a special purpose company. The issuer has no subsidiaries. The seller does not own directly or indirectly any of the share capital of Holdings or the issuer.

The issuer was established as a special purpose vehicle for the purposes of issuing the notes and making the advances to Funding 1 under the intercompany loan agreement. The activities of the issuer are limited to passively owning or holding the term advances, issuing the notes supported by the intercompany loan agreement and other activities reasonably incidental thereto. The principal objects of the issuer are set out in its memorandum of association, which permit the issuer to:

- lend money and give credit, with or without security;
- borrow or raise money and obtain credit or finance;
- secure payment or repayment of money credit or finance by any security over the issuer's property; and
- acquire or enter into financial instruments including derivative instruments.

Under the Companies Act 2006, the issuer's governing documents, including the principal objects of the issuer, may be altered by a special resolution of the shareholders.

The activities of the issuer will be further restricted by the terms and conditions of the notes and will be limited to the issue of the notes, the making of the term advances under the intercompany loan agreement to Funding 1, the exercise of related rights and powers and other activities referred to in this base prospectus or incidental to those activities.

Since its incorporation, the issuer has not engaged in any material activities other than those incidental to its incorporation as a public company under the Companies Act 1985, the issue of notes, the authorisation of the other transaction documents referred to in this base prospectus to which it is or will be a party, the filing of any necessary notifications under data protection laws and other matters which are incidental or ancillary to those activities.

There is no intention to accumulate surplus cash in the issuer except for the issuer profit amount (which will be available for distribution) and in the circumstances set out in "**Security for the issuer's obligations**".

The accounting reference date (i.e., the last day of the fiscal year) of the issuer is 4 April. As at the date of this base prospectus, statutory accounts for the years ended 4 April 2009, 4 April 2010, 4 April 2011, 4 April 2012, 4 April 2013, 4 April 2014, 4 April 2015, 4 April 2016, 4 April 2017, 4 April 2018, 4 April 2019, 4 April 2020, 4 April 2021, 4 April 2022 and 4 April 2023 have been prepared and delivered to the Registrar of Companies on behalf of the issuer.

Directors and secretary

The following table sets out the directors and secretary of the issuer and their respective business addresses and occupations.

Name	Business address	Principal activities/ business occupation
Daniel Jonathan Wynne	Third Floor, 1 King's Arms Yard, London, EC2R 7AF	Company Director
Muir James Mathieson	Third Floor, 1 King's Arms Yard, London, EC2R 7AF	Company Director
Ioannis Kyriakopoulos	Third Floor, 1 King's Arms Yard, London, EC2R 7AF	Company Director
Wilmington Trust SP Services (London) Limited	Third Floor, 1 King's Arms Yard, London, EC2R 7AF	Corporate Services Provider

The following table sets out the directors of Wilmington Trust SP Services (London) Limited and their respective business addresses and occupations

Name	Business address	Principal activities/ business occupation
Alan Geraghty	Third Floor, 1 King's Arms Yard, London, EC2R 7AF	Accountant
Daniel Jonathan Wynne	Third Floor, 1 King's Arms Yard, London, EC2R 7AF	Company Director
Alexander James Rowland Pashley	Third Floor, 1 King's Arms Yard, London, EC2R 7AF	Company Director

The company secretary of the issuer is Wilmington Trust SP Services (London) Limited.

None of the directors nor any of the directors of the company secretary of the issuer have any potential conflicts of interest between any duties owed to the issuer and their private interests or other duties.

In accordance with the issuer corporate services agreement, the issuer corporate services provider provides to the issuer directors, a registered and administrative office, the service of a company secretary and the arrangement of meetings of directors and shareholders and will procure book-keeping services and preparation of accounts by Nationwide. No other remuneration is paid by the issuer to or in respect of any director or officer of the issuer for acting as such.

Capitalisation statement

The following table shows the capitalisation of the issuer as at the date of this base prospectus:

	£
Authorised share capital	
Ordinary shares of £1 each	50,000.00
Issued share capital	
2 ordinary share of £1 fully paid.....	2.00
49,998 ordinary shares of £1 each one quarter paid	12,499.50
	12,501.50

NATIONWIDE BUILDING SOCIETY

Nationwide is the seller, start-up loan provider, servicer, cash manager and issuer cash manager, mortgages trustee account bank, the Funding 1 account bank and the issuer account bank for the programme. Nationwide also currently acts as Funding 1 swap provider and may, if indicated in the applicable final terms (or, in the case of exempt notes, the applicable pricing supplement), act as issuer swap provider and/or maturity purchaser in relation to a particular class (or sub-class) of notes. Nationwide, as the seller, also intends to initially satisfy the U.S. Credit Risk Retention Requirements by maintaining a seller share in the master trust (see "**Certain Regulatory Requirements—U.S. Credit Risk Retention**").

Nationwide Building Society is a building society incorporated in England and Wales under the Building Societies Act 1986, as amended, and authorised by the PRA and regulated by the FCA in relation to conduct of business matters and by the PRA in relation to prudential requirements. Nationwide's FCA Mutuals Public Register Number is 355B. Nationwide's principal office is Nationwide House, Pipers Way, Swindon SN38 1NW (phone number +44 (0) 1793 658 777).

History

Building societies have existed in the United Kingdom for over 200 years. From the outset, they were community-based, cooperative organisations created to help people purchase homes. The main characteristic of building societies is their mutual status, meaning that they are owned by their members, who are primarily retail savings and residential mortgage customers. Nationwide's origins date back to the Southern Co-operative Permanent Building Society (1884). Over time, this entity merged with similar organisations to create Nationwide Building Society.

Nationwide has been involved in a number of acquisitions throughout the years. For example, Nationwide acquired the Anglia Building Society in 1987, the Portman Building Society in 2007 and the Derbyshire Building Society and the Cheshire Building Society in 2008. In 2009, Nationwide acquired selected assets and liabilities of Dunfermline Building Society.

Business and activities of Nationwide

Nationwide's core business is providing retail personal financial services, including residential mortgage loans, retail savings, current accounts, general retail banking services, personal investment products, personal secured and unsecured lending and insurance. All of this business activity is focussed in the UK. In addition, Nationwide maintains an investment portfolio of debt securities for its own account.

Nationwide's lending activities are primarily concentrated on first charge residential mortgage lending.

Nationwide has (and, at the relevant times, Anglia and Portman had) significantly more than five years of experience in the origination, underwriting and servicing of mortgage loans similar to those included in the portfolio.

Nationwide provides a wide range of retail savings products that may be repayable on demand or notice and which may pay a variable or fixed rate of interest. On most retail savings products, Nationwide determines variable interest rates at its discretion according to market conditions.

In conjunction with its core business of providing residential mortgage loans and retail savings, Nationwide markets insurance products branded with its name that are underwritten by third-party insurers.

SILVERSTONE FUNDING (NO. 1) LIMITED

Funding 1 was incorporated in England and Wales on 5 June 2008 (registered number 6612702) as a private limited company under the Companies Act 1985. The authorised share capital of Funding 1 comprises 100 ordinary shares of £1 each. The issued share capital of Funding 1 comprises one ordinary share of £1, which is beneficially owned by Holdings (see "**Silverstone Securitisation Holdings Limited**"). The registered office of Funding 1 is c/o Wilmington Trust SP Services (London) Limited, Third Floor, 1 King's Arms Yard, London EC2R 7AF. The telephone number of Funding 1's registered office is +44 (0) 20 7397 3600.

Funding 1 has no subsidiaries. The seller does not own directly or indirectly any of the share capital of Holdings or Funding 1.

The principal objects of Funding 1 are set out in its memorandum of association and permit Funding 1, among other things, to:

- carry on business as a general commercial 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;
- acquire and enter into financial instruments including derivative instruments; and
- undertake and carry on all kinds of loan, financial and other operations.

Since its incorporation, Funding 1 has not engaged in any material activities, other than those relating to the previous issues by the issuer and those incidental to the authorisation of the transaction documents referred to in this base prospectus to which it is or will be a party, the filing of any necessary notifications under data protection laws and other matters which are incidental or ancillary to those activities. Funding 1 has no employees.

As at the date of this base prospectus, statutory accounts for the years ended 4 April 2009, 4 April 2010, 4 April 2011, 4 April 2012, 4 April 2013, 4 April 2014, 4 April 2015, 4 April 2016, 4 April 2017, 4 April 2018, 4 April 2019, 4 April 2020, 4 April 2021, 4 April 2022 and 4 April 2023 have been prepared and delivered to the Registrar of Companies on behalf of Funding 1.

Directors and secretary

The following table sets out the directors and secretary of Funding 1 and their respective business addresses and occupations:

Name	Business address	Principal activities/ business occupation
Daniel Jonathan Wynne	Third Floor, 1 King's Arms Yard, London, EC2R 7AF	Company Director
Ioannis Kyriakopoulos	Third Floor, 1 King's Arms Yard, London, EC2R 7AF	Company Director

Name	Business address	Principal activities/ business occupation
Muir James Mathieson	Third Floor, 1 King's Arms Yard, London, EC2R 7AF	Company Director
Wilmington Trust SP Services (London) Limited	Third Floor, 1 King's Arms Yard, London, EC2R 7AF	Corporate Services Provider

The following table sets out the directors of Wilmington Trust SP Services (London) Limited and their respective business addresses and occupations:

Name	Business address	Principal activities/ business occupation
Alan Geraghty	Third Floor, 1 King's Arms Yard, London, EC2R 7AF	Accountant
Daniel Jonathan Wynne	Third Floor, 1 King's Arms Yard, London, EC2R 7AF	Company Director
Alexander James Rowland Pashley	Third Floor, 1 King's Arms Yard, London, EC2R 7AF	Company Director

The company secretary of Funding 1 is Wilmington Trust SP Services (London) Limited.

None of the directors nor any of the directors of the company secretary of Funding 1 have any potential conflicts of interest between any duties to Funding 1 and their private interests or other duties.

In accordance with the Funding 1 corporate services agreement, the Funding 1 corporate services provider provides to Funding 1 directors, a registered and administrative office, the service of a company secretary and the arrangement of meetings of directors and shareholders and will procure book-keeping services and preparation of accounts by Nationwide. No other remuneration is paid by Funding 1 to or in respect of any director or officer of Funding 1 for acting as such.

THE MORTGAGES TRUSTEE

SILVERSTONE FINANCE TRUSTEE LIMITED

General

Silverstone Finance Trustee Limited, a company incorporated in Jersey, the **retired mortgages trustee**, acted as trustee of the mortgages trust from its incorporation on 9 June 2008 to 18 September 2015 when it retired and Silverstone Finance Trustee Limited, a company incorporated in England and Wales, was appointed as trustee of the mortgages trust. The retirement of the retired mortgages trustee and the appointment of the new mortgages trustee was effected by a supplemental mortgages trust deed dated 18 September 2015.

Silverstone Finance Trustee Limited

The mortgages trustee was incorporated in England and Wales on 21 August 2015 (registered number 09744065) as a private limited company under the Companies Act 2006. The authorised share capital of the mortgages trustee is £1. One ordinary share has been issued and fully paid and is held in trust for certain discretionary objects (which do not include the seller or any entity connected with the seller) by Intertrust Corporate Services Limited acting as share trustee pursuant to an instrument of trust dated 21 August 2015. Any profits received by the mortgages trustee, after payment of the costs and expenses of the mortgages trustee, may be declared by way of dividend and will then be paid for the benefit of such of these discretionary objects as are selected at the discretion of Intertrust Corporate Services Limited. The payments on the notes will not be affected by this arrangement. The registered office of the mortgages trustee is at 1 Bartholomew Lane, London, United Kingdom, EC2N 2AX. Its telephone number is +44 (0)20 7398 6300.

The mortgages trustee was organised as a special purpose company to act as trustee of the mortgages trust. The mortgages trustee has no subsidiaries. The seller does not own directly or indirectly any of the share capital of the mortgages trustee.

The principal activities of the mortgages trustee are, among other things, to:

- invest and deal in mortgage loans secured on residential or other properties within England, Wales, Northern Ireland 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 activities.

The mortgages trustee has not engaged, since its incorporation, in any material activities other than those incidental to its incorporation, the settlement of the trust property on the mortgages trust, acting as trustee of the mortgages trust and the authorisation of the transaction documents referred to in this base prospectus to which it is a party, the filing of any necessary notifications under data protection laws 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 4 April.

In accordance with the mortgages trustee corporate services agreement, the mortgages trustee corporate services provider will provide to the mortgages trustee directors, a registered and administrative office, the service of a company secretary and the arrangement of meetings of directors and shareholders and will procure book-keeping services and preparation of accounts by Nationwide. No other remuneration is paid by the mortgages trustee to or in respect of any director or officer of the mortgages trustee for acting as such.

SILVERSTONE SECURITISATION HOLDINGS LIMITED

Holdings was incorporated in England and Wales on 5 June 2008 (registered number 6612779) as a private limited company under the Companies Act 1985. The registered office of Holdings is Third Floor, 1 King's Arms Yard, London, EC2R 7AF. The telephone number of Holdings is +44 (0) 20 7397 3600.

Holdings has an authorised share capital of £100 divided into 100 ordinary shares of £1 each, of which one share has been issued, which is beneficially owned by Wilmington Trust SP Services (London) Limited and held on discretionary trust for the benefit of certain discretionary objects (which do not include the seller or any entity connected with the seller). Any profits received by Holdings from its shareholdings, after payment of the corporate administration costs and expenses of Holdings, will be distributed to the trustee of such discretionary trust by way of dividend and will be paid for the benefit of these discretionary objects at the discretion of the said trustee. The payments on the 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.

The principal objects of Holdings are set out in its memorandum of association and permit Holdings, 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 part of any securities or other interests of or in any company.

Holdings has acquired all of the issued share capital of Funding 1 and the post-enforcement call option holder. Holdings has not engaged in any other activities since its incorporation other than those incidental to the authorising of the transaction documents to which it is a party and other matters which are incidental to those activities. Holdings has no employees.

The accounting reference date of Holdings is 4 April.

SILVERSTONE PECOH LIMITED

The post-enforcement call option holder was incorporated in England and Wales on 5 June 2008 (registered number 6612728) as a private limited company under the Companies Act 1985. The registered office of the post-enforcement call option holder is Third Floor, 1 King's Arms Yard, London, EC2R 7AF. The telephone number of the post-enforcement call option holder is +44 (0) 20 7397 3600.

The authorised share capital of the post-enforcement call option holder comprises 100 ordinary shares of £1 each. The issued share capital of the post-enforcement call option holder comprises one ordinary share of £1, which is beneficially owned by Holdings (see "**Silverstone Securitisation Holdings Limited**").

The post-enforcement call option holder is organised as a special purpose company. The post-enforcement call option holder has no subsidiaries. The seller does not own directly or indirectly any of the share capital of Holdings or the post-enforcement call option holder.

The principal objects of the post-enforcement call option holder are as set out in its memorandum of association and permit the post-enforcement call option holder, among other things, to hold bonds, notes, obligations and securities issued or guaranteed by any company and any options or rights in respect of them. The post-enforcement call option holder has not engaged since its incorporation in any material activities other than those activities relating to the issue of notes by the issuer and those incidental to the authorising of the transaction documents referred to in this base prospectus to which it is a party and other matters which are incidental to those activities. The post-enforcement call option holder has no employees.

The accounting reference date of the post-enforcement call option holder is 4 April.

Pursuant to the terms of an option granted to Silverstone PECOH Limited under the post-enforcement call option agreement, following the enforcement of the security granted by the issuer pursuant to the issuer deed of charge and the application of the proceeds thereof, Silverstone PECOH Limited can require the transfer to it of all notes that are outstanding for a nominal amount (see also "**Other Agreements—The post-enforcement call option agreement**").

As the post-enforcement call option granted pursuant to the post-enforcement call option agreement can be exercised only after the issuer security trustee has enforced the security granted by the issuer under the issuer deed of charge and has determined that there are no further assets available to pay amounts due and owing to the noteholders, the exercise of the post-enforcement call option and delivery by the noteholders of the notes to the post-enforcement call option holder will not extinguish any rights or claims that such noteholders may have against the issuer, but their right to payment of interest and repayment of principal under such notes will be transferred to the post-enforcement call option holder.

Holders of notes issued on or after 22 October 2010 are not bound by the terms of such notes to transfer such notes to the post-enforcement call option holder in such circumstances. In relation to notes issued after 22 October 2010, such notes will be subject to the limited recourse provisions of Condition 10.2 whereby all obligations of the issuer to the holders of such notes are limited in recourse to the property, assets and undertakings of the issuer which are the subject of any security created by the issuer deed of charge. As a result, if there are no such assets remaining which are capable of being realised or otherwise converted into cash and following application of such amounts in accordance with the issuer deed of charge there are insufficient amounts available to pay in full amounts outstanding under such notes, then noteholders in respect of such notes shall have no further claim against the issuer in respect of any amounts owing to them which remain unpaid and such unpaid amounts shall be deemed to be discharged in full and any relevant payment rights shall be deemed to cease.

THE NOTE TRUSTEE, ISSUER SECURITY TRUSTEE AND FUNDING 1 SECURITY TRUSTEE

The note trustee, the issuer security trustee and the Funding 1 security trustee is Citicorp Trustee Company Limited.

Citicorp Trustee Company Limited (for purposes of this section, the **company**) incorporated on 24 December 1928 under the laws of England and Wales having its registered office at Citigroup Centre, Canada Square, Canary Wharf, London E14 5LB, with a company registration number of 235914. The company is an indirect wholly-owned subsidiary of Citigroup Inc., a diversified global financial services holding company incorporated in Delaware.

The company is authorised under the FSMA and regulated by the FCA to act as depositary or trustee for authorised collective investment schemes (investment funds) in the United Kingdom. In addition, the company undertakes the trusteeship of selected corporate debt and project finance (corporate trust) issues made by corporations in the United Kingdom or overseas.

Pursuant to the note trust deed, the note trustee is required to take certain actions as described in "**Terms and conditions of the notes**". Pursuant to the issuer deed of charge, the issuer security trustee is required to take certain actions as described in "**Security for the issuer's obligations**" and "**Terms and conditions of the notes**". Pursuant to the Funding 1 deed of charge, the Funding 1 security trustee is required to take certain actions as described in "**Security for Funding 1's obligations**".

The limitations on liability of the note trustee are described in "**Terms and conditions of the notes**". The limitations on the liability of the issuer security trustee are described in "**Security for the issuer's obligations—Appointment, powers, responsibilities and liabilities of the issuer security trustee**" and "**Security for the issuer's obligations—Additional provisions of the issuer deed of charge**". The limitations on liability of the Funding 1 security trustee are described in "**Security for Funding 1's obligations—Appointment, powers, responsibilities and liabilities of the Funding 1 security trustee**" and "**Security for Funding 1's obligations—Additional provisions of the Funding 1 deed of charge**".

The indemnifications available to the note trustee and the issuer security trustee are described in Condition 12 under "**Terms and conditions of the notes**". The indemnifications available to the Funding 1 security trustee are described in "**Security for Funding 1's obligations—Funding 1 security trustee's fees and expenses**".

Provisions for the removal of the Funding 1 security trustee are described in "**Security for Funding 1's obligations**". Provisions for the removal of the issuer security trustee are described in "**Security for the issuer's obligations**".

MATURITY AND PREPAYMENT CONSIDERATIONS

As at the time of issue of a series and class (or sub-class) of notes, it will not be possible to state the average lives of such notes, as the actual rate of repayment of the loans and redemption of the mortgages and a number of other relevant factors will be unknown. However, calculations of the possible average lives of each series and class (or sub-class) of notes can be made based on certain assumptions which are set out in the "**Form of Final Terms**".

The average lives of the notes are subject to factors largely outside the control of the issuer and consequently no assurance can be given that 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—If property values decline payments on the notes could be adversely affected" in this base prospectus.

THE LOANS

The portfolio

Each final terms (or, in the case of exempt notes, each pricing supplement) issued in connection with the issuance of a series and class (or sub-class) of notes will contain tables summarising information in relation to the relevant expected portfolio. The tables will contain information in relation to various criteria as at the applicable reference date. Tables will indicate, amongst other things, composition by seasoning, period to maturity, geographical distribution, LTV ratios, outstanding principal balance and repayment terms, as well as other information that may be described from time to time. The expected portfolio as at the reference date, for which statistics are presented in the applicable final terms (or, in the case of exempt notes, the applicable pricing supplement), and the expected portfolio as at the relevant closing date may differ due to, among other things, amortisation of loans in the expected portfolio.

Each final terms (or, in the case of exempt notes, each pricing supplement) relating to the issuance of a series and class (or sub-class) of notes also will contain tables summarising certain characteristics of the United Kingdom mortgage market. Tables will provide historical information on, amongst other things, arrears, as well as other information that may be described from time to time. These tables should be read in conjunction with the additional historical information on certain aspects of the United Kingdom residential mortgage market appearing in "**Characteristics of the United Kingdom residential mortgage market**".

Introduction

The following is a description of some of the characteristics of the loans currently or previously originated or acquired by the seller including details of loan types, the underwriting process, lending criteria and selected statistical information. This includes loans originated by other members of the Nationwide group, including loans acquired from Anglia Building Society in 1987 and Portman Building Society in 2007 with Nationwide Building Society.

The seller selects the loans for transfer into the portfolio, and any loans to be substituted into the portfolio, using a system containing defined data on each of the qualifying loans in the seller's overall portfolio of loans available for selection. This system allows the setting of exclusion criteria among others corresponding to relevant representations and warranties that the seller makes in the mortgage sale agreement in relation to the loans (see "**The mortgage sale agreement—Representations and warranties**"). This system also allows a limit to be set on some criteria. Once the criteria have been determined, the system identifies all loans owned by the seller that are consistent with the criteria. From this subset, loans are selected at random until the target balance for loans has been reached, or the subset has been exhausted. After a pool of loans is selected in this way, the constituent loans are monitored so that they continue to comply with the relevant criteria on the date of transfer.

Unless otherwise indicated, the description that follows relates to types of loans that have been or could be sold to the mortgages trustee, either as part of the portfolio as at a closing date or as a new loan sold to the mortgages trustee at a later date.

The seller may sell 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 sell to the mortgages trustee 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 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 loans will be required to comply with the representations and warranties set out in the mortgage sale agreement from time to time and 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 "**The Mortgage Sale Agreement**".

The representations and warranties may be amended if new loan types are to be sold to the mortgages trustee. The consent of noteholders will not be obtained in relation thereto if (among other things) S&P has confirmed to the Funding 1 security trustee that the ratings of the rated notes then outstanding will not be downgraded, withdrawn or qualified if those new loan types are sold to the mortgages trustee (and advance notice in writing of such new loan types sold to the mortgages trustee has been provided to Moody's and Fitch and there being no reduction, qualification or withdrawal by Moody's or Fitch of the then current ratings of the rated notes as a consequence thereof) (provided that such confirmation from S&P shall not be required to the extent such rating agency does not maintain a rating of any notes which are outstanding).

Each of the English loans is governed by the laws of England and Wales, each of the Scottish loans is governed by the laws of Scotland and each of the Northern Irish loans is governed by the laws of Northern Ireland.

Characteristics of the loans

Repayment terms

Loans may combine one or more of the features listed in this section. Other customer incentives may be offered with the product including free valuations and payment of legal fees. Additional features such as the ability to make overpayments or underpayments and, prior to 4 March 2010, payment holidays (temporary suspension of monthly payments) were also available to most borrowers and under certain circumstances. See "**Overpayments and underpayments**" and "**Payment holidays**" below.

Loans are typically repayable on one or a combination of both 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;

- "**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 typically but not necessarily in one lump sum; and

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 borrower is recommended to have some repayment mechanism (such as an investment plan) which is intended to provide sufficient funds to repay the principal at the end of the term.

Principal prepayments may be made in whole or in part at any time during the term of a loan, subject to the payment of any early repayment charges (as described in "**The Loans—Early repayment charges**"). A prepayment of the entire outstanding balance of a loan discharges the mortgage. Any prepayment in full must be made together with all accrued interest, arrears of interest, any unpaid expenses and any applicable repayment fee(s).

Various methods are available to borrowers for making payments on the loans, including:

- direct debit instruction from a bank or building society account,

- standing order from a bank or building society account,

- payments made at seller's branches; and

- an internal transfer if the borrower has a current account with the seller.

Interest payments and interest rate setting

The seller has responded to the competitive mortgage market by developing a range of products with special features that are used to attract new borrowers and retain existing customers. Interest on the loans is charged on one of the following bases:

- "**Standard variable mortgage rate loans**" are loans subject to the seller's standard variable mortgage rate (the **SVMR**). The seller has two SVMR: (i) the Base Mortgage Rate (the **BMR**) which is capped at 2% above Bank of England base rate; and (ii) the Standard Mortgage Rate (the **SMR**) which was introduced for loans offered with effect from April 2009 and does not have an interest rate cap.

- "**Fixed rate loans**" means those loans to the extent that and for such time that the interest rate payable by the borrower on all or part of the outstanding principal balance does not vary and is fixed for a certain period of time by the seller.

- "**Tracker rate loans**" means those loans to the extent that and for such time that the interest rate payable by the borrower is linked to a variable rate other than the SMR or the BMR (and shall, for the avoidance of doubt, exclude loans during the period that they are fixed rate loans or standard variable mortgage rate loans). The interest rate on tracker rate loans is currently set at a margin by reference to rates set by the Bank of England.

The SVMR and the interest rate on some tracker rate loans may apply for the life of the loan. Otherwise, each of the above rates is offered for a predetermined period, usually between 2 and 10 years, at the commencement of the loan (the **product period**). At the end of the product period the rate of interest charged will either (a) move to some other interest rate type for a predetermined period or (b) revert to, or remain at, the BMR or the SMR. All loans the offers for which were made since April 2009 and loans the offers for which were made before that date which have since switched product will revert to the SMR. Loans the offers for which were made before April 2009 and have not switched product will revert to the BMR. In certain instances, early repayment charges are payable by the borrower if the loan is redeemed within a specified period. See "**The loans—Early repayment charges**".

Since 1 May 2001 all loans originated by the seller have had their interest calculated on a daily basis rather than on an annual basis. Any payment of principal by the borrower will immediately reduce the principal balance on which interest will be calculated the following day. Prior to this date, all loans had carried interest calculated on an annual basis.

Except in limited circumstances as set out in "**Servicing Agreement—Undertakings by the servicer**", the servicer is responsible for setting the SVMR on the loans in the portfolio as well as on any loans that are sold to the mortgages trustee. The following is a summary of the provisions relating to interest rate variations contained in the various mortgage conditions:

- **Nationwide** – under the Nationwide mortgage conditions prior to 1999 the seller may change the interest rate at any time and for any reason. Under the 1999, 2001 and 2008 Nationwide mortgage conditions (the latter of which have superseded all other mortgage conditions in relation to the seller's mortgage origination business), the seller can only change the interest rate for a number of specified reasons. These reasons include, by way of example, to reflect (a) a change in the cost of funds used in the seller's mortgage lending business, (b) a change in the law or regulatory requirements or a decision by a court, (c) a change in the way the property is used or occupied, or (d) a change in the credit risk relating to the loan. The 2008 Nationwide mortgage conditions incorporate additional reasons including to reflect changes in general

interest rates, to respond to changes in the rates applying to the seller's savings business and to maintain the seller's financial strength for the benefit of its members.

If the seller wishes to increase the interest rate it must first give notice to the borrower of the increase, either by advertisement or personal notice. Under all of the Nationwide mortgage conditions (but not the 1986 Anglia mortgage conditions) the borrower may then repay the loan without paying interest at the increased rate if the borrower gives notice of its intention to repay within one month of the notice of increase and repays the loan (or the part of it which is affected by the increase) together with any early repayment charge and any unpaid interest and expenses within three months of the notice of increase. It should be noted that the mortgage conditions referred to in this section do not apply in Scotland but that similar conditions apply separately in Scotland.

- **Portman** – under the 1994 Portman mortgage conditions the seller may vary the interest rate at any time and for any reason. Any increase in the interest rate is required to be publicised in accordance with the requirements of the Portman Building Society Rules. However, following a transfer of the mortgage, the Rules cease to apply and an increase in the interest rate will not come into effect until notice of the increase is served on the borrower in writing or given to the borrower by such alternative method as may have been notified to the borrower prior to the transfer.

  Under the post-1995 Portman mortgage conditions the seller can vary the interest rate for a number of specified reasons. These reasons include, for example, to reflect changes in law or in regulatory requirements or where there has been or it is reasonably expected that there will be a change in the cost of the funds the seller uses in its secured lending business (or alternatively in the case of the 1995 to 1997 Portman mortgage conditions if there has been or it is reasonably expected that there will be a general change in the rates of interest applicable to secured loans or if the seller intends at the same time or shortly afterwards to increase the rate of interest paid to its investors or depositors to attract or retain funds). The post-1995 Portman mortgage conditions also contain a separate right for the seller to vary the interest rate for any other valid reason if (a) under the terms and conditions then applicable to the mortgage the borrower can repay the mortgage debt without paying a repayment fee, or (b) the seller allows the borrower to repay the debt within two months of the variation without charging the borrower any repayment fee or other costs of repayment which would ordinarily be payable. Under the post-1997 Portman mortgage conditions the borrower is required to be given notice of any change in the interest rate.

The current policy of the seller is to rely upon the reasons specified in the 2008 Nationwide mortgage conditions in order to change the interest rate applicable to all mortgage loans of the seller, regardless of the date of origination.

If applicable, the servicer will also be responsible for setting any variable margins in respect of new tracker rate loans that are sold to the mortgages trustee in the future. However, in maintaining, determining or setting these variable margins, except in the limited circumstances as set out in "**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. The seller has a variable base rate cap whereby it has limited its BMR to no more than 2% above the Bank of England base rate at any time. The seller currently cannot increase the cap.

Early repayment charges

The borrower may be required to pay an early repayment charge if certain events occur during the predetermined product period and the loan agreement states that the borrower is liable for early repayment charges and the seller has not waived or revised its policy with regards the payment of early

repayment charges. These events include a full or partial unscheduled repayment of principal, or an agreement between the seller and the borrower to switch to a different mortgage product. If all or part of the principal owed by the borrower, other than the scheduled monthly payments, is repaid before the end of the product period, the borrower will be liable to pay to the seller a repayment fee based on a percentage of the amount repaid or switched to another product. If the borrower has more than one product attached to the mortgage, the borrower may choose under which product the principal should be allocated.

The borrower is currently permitted to make an overpayment of, with respect to loans originated prior to 2013, up to £500 each month or, with respect to loans originated in and following 2013, up to 10 per cent. of the loan within a 12 month period, in each case, without being required to pay any early repayment charge. This figure may be reviewed from time to time to reflect market conditions. In certain circumstances such as the death of a borrower where a life policy is used to redeem the mortgage and where a critical illness claim redeems or reduces the balance on the mortgage, early repayment charges are usually waived.

If the borrower repays its mortgage during an early redemption charge period to move house, the borrower may not have to pay the charge if the borrower takes out a new loan for the new home and transfers both the balance and the terms of the existing loan to the new home. The closure of the existing mortgage and the advance of the new mortgage must take place simultaneously.

A borrower can currently redeem their loan or exceed their overpayment allowance in the last month of their existing deal without incurring any early repayment charge.

Some mortgage products do not include any provisions for the payment of an early repayment charge by the borrower. Early repayment charges will not be included in revenue receipts.

Overpayments and underpayments (or Flexible Payments or Payment Holidays)

Most loans (including flexible advances but excluding "consumer credit back book mortgage contracts") are subject to a range of options, selected by the borrower, that give the borrower greater flexibility in the timing and amount of payments under each loan. Most loans (including flexible advances but excluding "consumer credit back book mortgage contracts") offer one or more of the features described below, subject to certain conditions and financial limits:

Overpayments – borrowers may either increase their regular monthly payments above the normal monthly payment then applicable or make lump sum payments at any time subject to payment of early repayment charges where appropriate.

Underpayments – where borrowers have previously overpaid, they may reduce their monthly payments below the amount of the applicable monthly payment or make an irregular underpayment. Borrowers are not permitted to make underpayments that exceed the total of previous overpayments less the total of previous underpayments.

Payment holidays – defined in accordance with the servicer's servicing policies and procedures and refers to cases where borrowers apply for a zero or reduced monthly payment for a limited period subject to satisfaction of eligibility criteria. Borrowers whose loans were reserved prior to 4 March 2010 may apply for a break from making monthly payments, normally up to 12 months subject to, amongst other things, maximum LTV criteria taking into account the revised outstanding principal balance of the loan after such break in instalments, payments under the mortgage being fully up-to-date and the borrower having made at least the last 12 monthly payments prior to the date of application for the payment holiday. An approval of such application and the determination of such period are at the discretion of the seller. If a payment holiday is requested by a borrower due to financial difficulties, the seller may decline the request for a payment holiday and refer the case to the collections team to identify

appropriate forbearance options ("**Forbearance and restructurings**"). Payment holidays are not permitted in respect of flexible advances.

Cash re-draws or borrow backs – where borrowers have previously overpaid on loans reserved prior to 4 March 2010, they may re-draw or borrow back an amount up to the value of those overpayments.

Flexible Loans and Flexible Advances

Flexible loans are a type of loan product that typically incorporates features that give the borrower options (which may be subject to certain conditions) 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/or take a payment holiday.

Flexible advances are loans for unrestricted purposes (which may be a "consumer credit back book mortgage contract") offered to borrowers with existing loans (other than a flexible advance) from the seller which is secured on the same property that secures the borrower's existing loan. Some flexible advances permit the borrower to make further draws up to the fixed credit limit extended under the mortgage conditions at the inception of the flexible advance. Flexible advances ceased to be made available after 1 December 2008.

Further advances

If a borrower wishes to take out a further loan secured by the same mortgage, and provided not less than 6 months has passed since the date of completion of the initial loan, the borrower will need to make a further advance application and the seller will use the lending criteria applicable to further advances at that time which include, amongst other things, payments under the mortgage being fully up-to-date and the borrower not having missed any of the last 6 monthly payments prior to the date of application for the further advance. Approval of such application is at the discretion of the seller. All further advances require the postponement of any second charge or standard security.

Some loans in the portfolio may have further advances made on them prior to their being sold to the mortgages trustee and loans added to the portfolio in the future may have had further advances made on them prior to that time.

If a loan is subject to a further advance after being sold to the mortgages trustee, the seller will be entitled or, in some cases, required to repurchase the loan and its related security from the mortgages trustee or, subject to the satisfaction of certain conditions, may add the further advance to the seller share. See further "**The mortgage sale agreement—Product switches and further advances**".

Product switches

From time to time, borrowers may request or the servicer may send an offer of a variation in the financial terms and conditions applicable to the borrower's loan. In limited circumstances, if a loan is subject to a product switch as a result of a variation, then the seller will be required to repurchase the loan or loans and their related security from the mortgages trustee. Those limited circumstances, are that as at the relevant date, any of the conditions precedent as described in "**The mortgage sale agreement—Conditions for product switches and further advances**" has not been satisfied. From the date when those conditions precedent have been satisfied, then a loan that has been subject to a product switch will not be so repurchased by the seller. See further "**Risk Factors—In limited circumstances loans subject to product switches will 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 notes**" and "**Sale of the loans and their related security**" and "**The mortgage sale agreement—Product switches and further advances**".

Restructuring and forbearance

Debt restructuring and forbearance are defined in accordance with the servicer's servicing policies and procedures. The seller offers a range of forbearance options to support customers in or facing financial difficulty based on their individual circumstances, including:

- a payment plan to pay more than the standard instalment to clear the payment shortfall over an agreed period of time based on affordability
- a payment plan to continue paying the standard instalment only with no contribution to any payment shortfall for an agreed period of time
- a change to the date on which payments are due, provided payments are made within the same payment period
- a change to the method by which payment is made
- a temporary concession to pay less than the regular payment for an agreed period of time
- an extension to the term of the mortgage
- a temporary change to the repayment type of the mortgage
- a temporary switch to the interest rate on the mortgage for an agreed period of time to allow the borrower to maintain payments and clear the payment shortfall
- switching the mortgage to a product for over 55s i.e. Retirement Capital and Interest, Retirement Interest Only or Lifetime (Equity Release)
- capitalising the payment shortfall owed by the borrower
- a managed sale of the underlying property
- use of any government forbearance initiatives in which the seller participates.

Payment plans are reviewed regularly with borrowers, and the seller does not alter an agreed plan until such plan is reviewed with the borrower, unless the borrower requests a change or there is a significant change in their circumstances.

Other characteristics

The loans in the trust property are homogeneous for purposes of Article 20(8) of the UK Securitisation Regulation, on the basis that all loans in the trust property: (i) have been underwritten by Nationwide Building Society (the seller), Anglia Building Society, or Portman Building Society, as applicable, 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, Scotland and Northern Ireland.

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 Article 20(9) of the UK Securitisation Regulation; or (iii) any derivatives for purposes of Article 21(2) of the UK Securitisation Regulation, in each case on the basis that the loans

in the trust property have been entered into substantially on the terms of similar standard documentation for residential mortgages loans. For the purposes of Article 20(8) of the UK Securitisation Regulation, the loans in the trust property contain obligations that are in all material respects contractually binding and enforceable, with full recourse to the relevant borrowers and, where applicable, the relevant gurantors, subject to any laws from time to time in effect relating to bankruptcy, insolvency or other similar laws of general applicability affecting the enforcement of creditors' rights generally and the court's discretion in relation to equitable remedies. 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 Article 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 Regulation (EU) No 575/2013 for 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.

Origination channels

The seller currently derives its mortgage-lending business from its branch network throughout the United Kingdom, through intermediaries and from internet and telephone sales.

The policies and procedures relevant to the origination of the mortgage loan advances are substantially similar to those set out below. It should, however, be noted that the policies and procedures have changed over time and not all of the included mortgage loan advances will have been originated under these policies and procedures.

All loans are prime mortgage loans secured over owner occupied residential property which were originated by Nationwide or another member of the Nationwide group. A small proportion of historic prime lending (which may be for the purchase of part-residential/part commercial property to be occupied by the borrower) is ineligible for sale to the mortgages trustee. Specialist mortgages including buy-to-let and self-certification mortgage loans secured against residential properties were originated by two wholly owned subsidiaries of the seller, UCB Home Loans Corporation Limited (**UCBHL**) and The Mortgage Works (UK) plc (**TMW**) but are now only originated by TMW. The mortgages originated by UCBHL and TMW are ineligible for sale to the mortgages trustee.

The seller is subject to the FSMA, MCOB (and other relevant regulatory rules) and the Financial Ombudsman Service, (which is a statutory scheme under the FSMA) and certain other regulatory regimes.

Right-to-buy loans

The portfolio may include right to buy loans (**right to buy loans**), each being a loan entered into by the relevant borrower as a means to purchase, refinance or improve a residential property from a local authority or other social landlord (each a **landlord**) under the "right to buy schemes" governed by the **right to buy legislation** (being the Housing Act 1985 and the Housing Act 1996 (each as amended and updated from time to time) (in the case of English Mortgages) and the Housing (Scotland) Act 1987 (as amended by the Housing (Scotland) Act 2001) (in the case of Scottish mortgages) or governed by the Housing (Northern Ireland) Order 1983 (as amended) (in the case of Northern Irish mortgages).

Properties sold under the right to buy legislation are sold by the relevant landlord at a discount to market value calculated in accordance with the right to buy legislation. A purchaser must repay a proportion of the discount received or the resale price (the **resale share**) if he or she sells the property within three years (or in the cases where the right to buy was exercised in relation to properties in England and Wales after 18 January 2005, 5 years) (the **RTB disposal period**). Under the right to buy legislation the landlord as seller obtains a statutory charge (or, in the case of a property in Scotland, a standard security)

over the property in respect of the contingent liability of the purchaser under the scheme to repay the resale share.

In Scotland, under the provisions of the Housing (Scotland) Act 1987 (the **1987 Act**), a standard security granted in respect of the resale share ranks immediately after (1) a standard security granted in security of a loan for the purchase of the property or sums advanced for the purpose of improvements to that property and (2) a standard security over the property granted in security of any other loan where the local authority/social landlord has consented. The 1987 Act does not contain specific provisions obliging the local authority/social landlord to agree to the postponement of the discount security granted in respect of the resale share, but the point is specifically addressed and ranking established by the legislation which as noted specifically ranks any standard security granted in respect of the resale share behind security which is given in respect of a loan for the purchase or improvement of the property. In respect of loans given for any other purpose(s), it is necessary to approach the local authority/social landlord for consent to the security ranking prior to the discount security granted in respect of the resale share, although it should be noted that the 1987 Act does not oblige the local authority/social landlord to grant such consent.

In Scotland, the right to buy scheme ended for all council and housing association tenants on 1 August 2016. Tenants with a right to buy could submit their application up to 31 July 2016 with their application.

In England the statutory charge ranks senior to other charges including that of any mortgage lender unless (i) the mortgage lender has extended the mortgage loan to the purchaser for the purpose of enabling him to exercise the right to buy or for "approved purposes" under the scheme (including refinancing loans made for the purpose of enabling the exercise of the right to buy and repair works to the property) and is an approved lending institution for the purposes of the Housing Act 1985 and the Housing Act 1996 or (ii) the relevant local authority issues a letter or deed of postponement postponing its statutory charge to that of a mortgage lender. In the case of loans made for approved purposes, the statutory charge is only postponed if the relevant landlord agrees to the postponement but the relevant legislation obliges the landlord to agree to the postponement. However, in practice the lender will need to provide evidence to the relevant landlord as to whether the loan was made for approved purposes.

The seller is an approved lending institution under the Housing Act 1985 and the Housing Act 1996. The seller as a matter of policy does not lend during the RTB disposal period above the amount required to purchase such properties (plus legal costs up to £500) unless wholly for an approved purpose under the applicable right to buy legislation. The seller insists that the relevant landlord's approval for loans for "approved purposes" is in place before making the loan since, until that approval is given, the relevant advance ranks behind the statutory charge. In the case of remortgages, borrowers may in the future be offered the option of paying for insurance cover to benefit the seller in relation to the risk that a remortgage loan does not have full priority to the statutory charge rather than paying the administrative costs of obtaining the relevant landlord's approval for the postponement of the statutory charge to the remortgage.

Amendments to the Housing Act 1985 introduced by the Housing Act 2004 give the relevant landlord a right of first refusal should the relevant property be disposed of within the first ten years following the exercise of the right to buy (when the right to buy is exercised after 18 January 2005). The consideration payable by the relevant landlord is the value of the property determined, in the absence of agreement between the landlord and the owner, by the district valuer. This right of first refusal may add to the time it takes to dispose of a property where the seller enforces its security, and the district valuer may determine that the value of the property is lower than that the seller believes is available in the market.

In Northern Ireland, a similar scheme operates through the Northern Ireland Housing Executive (the **NIHE**), although certain differences apply regarding repayment of discount. The discount covenant charge which is created under the standard terms of the NIHE scheme takes priority immediately after

any mortgage securing any amount left outstanding by the purchaser and advanced to him by a lending institution for the purpose of buying his house (and for some other purposes).

In relation to any subsequent charge granted to any lending institution other than the institution which provided the initial loan to buy a house, the NIHE has discretion to postpone its charge to this subsequent charge. Such a subsequent charge would include a charge in favour of a new or subsequent lender if the purchaser were to transfer his initial mortgage to a new or subsequent lender within a period of three years after the purchase of the house or in those cases where the right to buy was exercised after 18 May 2004, 5 years (being the period during which the NIHE may recoup discount pursuant to the discount covenant charge). The discretion is rarely exercised by the NIHE. Considerations in respect of application of the money for approved purposes do not apply in Northern Ireland.

Underwriting

The seller's underwriting approach is continually developed and enhanced. What follows is a general description of the seller's approach to underwriting to date regarding the loans in the portfolio. You should be aware that the policies referred to below will not apply to all loans in the portfolio at all times and may be changed by the seller (or other member of the Nationwide group) acting as a reasonable prudent mortgage lender.

The seller currently adopts a system based approach to lending assessment. This assessment is made with reference to three independent components:

(a) Credit score: calculation of propensity to default based on a combination of customer supplied, internal performance and credit bureau data;

(b) Affordability: calculation of an individualised lending amount that reflects the applicant's income net of tax, credit commitments and assumed living expenses, which vary according to income, number of applicants and dependants; and

(c) Policy rules: a range of automated and manually applied rules to decline applications outside lending criteria or to set limits on loans which fall within lending criteria.

The underwriting approach returns a decision categorised into "accept", "refer" and "decline". For each decision type, the system also specifies the level of status required.

Prior to the introduction of the mortgage market review in 2014, mortgage applications were either approved by an approvals officer, or under a task-based approval process. Mandates for approval officers were split between those that operate from regional service centres where the approver can mandate all loans that meet "accept" credit score criteria and certain "refer" credit score criteria, and the central risk management underwriting unit. For these applications, the approvals officer satisfied themselves as to the plausibility for any material information for which no independent proof was required under policy rules. The task-based approval process combined comprehensive case level management information and exception reporting to enable optional tracking and control and, prior to 2011, could generate an automated mortgage offer for certain low-risk applications. However, under the task-based approvals process, where a mortgage application did not qualify for an automated mortgage offer, some aspects required independent proof of certain information to be provided. Approved employees were allocated roles appropriate to their competence to complete the relevant tasks. Once all tasks had been satisfactorily completed a mortgage offer could be generated by the task-based system. In all cases, the central risk management underwriting unit reviewed and where appropriate approved credit score overrides classified as a Head Office "refer" and could also override declines if they were appealed.

Following the introduction of the mortgage market review in 2014, all mortgage applications are subject to income verification and an assessment of the customer's ability to repay. The operational area that

processes mortgage applications is responsible for the verification process based on a task based systems platform. Individuals involved in the verification process must adhere to standard operating procedures. This process is adopted for all system "accept" decisions. Once all tasks have been satisfactorily completed a mortgage offer will be generated by the task-based system. A small proportion of applications are processed outside of the task based system and for "accept" decisions, these are processed by individual officers with the appropriate skill level. For applications that are subject to a "refer" or a "decline" decision, a central risk management team of higher mandated underwriters is authorised to override applications, subject to detailed scrutiny of the customer's ability to repay. A senior risk management committee assesses the credit score levels for "accept", "refer" and "decline" and may adjust the "accept" and "refer" decisions to a "decline" to reflect changing market conditions.

Mortgage underwriting decisions and lending mandates are subject to internal monitoring by the seller to ensure the seller's procedures and policies regarding underwriting are being followed by staff.

Lending criteria

Each loan was originated in accordance with the seller's (or other member of the Nationwide group's, as applicable) lending criteria which were applicable at the time the loan was offered. The lending criteria in the case of each loan originated by the seller (or other member of the Nationwide group) and included in the portfolio as at the date of this base prospectus (or, in the case of loans originated by a member of the Nationwide group other than Nationwide itself, anticipated to be included in the portfolio in the future) are the same as, or substantially similar to the criteria described in this section. New loans may only be included in the portfolio if they are originated in accordance with the lending criteria and are compliant with the other conditions for sale as outlined in the mortgage sale agreement and summarised above under "**The mortgage sale agreement**". However, the seller retains the right to revise its lending criteria from time to time, therefore, the criteria applicable to new loans may not be exactly the same as those currently included.

To obtain a loan, each prospective borrower completes an application form (or submits an application on-line) which includes information about the applicant's income, current employment details, current mortgage information, if any, and certain other personal information. The seller completes a credit reference agency search in all cases against each applicant at their current address and, if necessary, former addresses, which gives details of public information including any county court judgements (or the Scottish or Northern Irish equivalent) and bankruptcy details. Some of the factors currently used in making a lending decision are as follows:

(1) Employment Details

The seller generally operates the following policy in respect of the verification of a prospective borrower's income details. Under this policy, the seller categorises prospective borrowers as either "employed" or "self-employed". Proof of income for employed prospective borrowers applying for loans who rely on their standard income may typically be established by the borrower's most recent monthly payslip and for employed prospective borrowers applying for loans who rely on a form of variable pay (e.g. a bonus, overtime pay or commission) a longer series of payslips may be required to establish such variable pay over a period of time. Some prospective borrowers may have their income automatically validated by using current account turnover to provide evidence of a prospective borrower's income over a period of time. This approach is currently restricted to employed prospective borrowers and calculated by reference to their main salary only.

Proof of income for self-employed prospective borrowers may typically be established by:

- A signed accountant's certificate where the applicant has at least 2 full years' accounts. For certain large loan applications, final accounts may be required at underwriter

discretion. The latest financial period must not be more than 18 months ago, at the time the case is approved.

- Two years final accounts are acceptable in the case of sole traders instead of an accountant's certificate.

- HMRC tax calculations for the last two years, the most recent of which must cover a tax year ended no more than 18 months ago, at the time the case is approved.

The seller operated a process for certain high quality applicants identified by the lending assessment described under "**Underwriting**" once positive identification of the borrower had been provided and the borrower had passed the seller's credit scoring and other eligibility criteria, referred to as "Fast Track".

(2) Valuation

The seller requires that a valuation of the property be obtained either from a valuer employed by the seller, an independent firm of professional valuers or an automatic valuation model (**AVM**) supplied by an approved AVM provider. The valuer will provide a mortgage valuation report based on a full inspection or an external inspection report which does not involve entering the property. Any valuation of the property is checked against a series of policy rules which will indicate whether the valuation is acceptable, or whether a referral is required. If a referral is required, the valuation report is checked by a dedicated operational team to determine what action is necessary to resolve the issue identified by the valuer, which may include reducing the value of the property, or holding a retention against the mortgage.

An AVM is used subject to business rules related to the property type, the LTV ratio, maximum and minimum property values and the AVM achieving an acceptable confidence level. Where a prospective borrower's loan application fails to meet the business rules for AVMs, the property will be valued by either an internal staff value or an external panel valuer, as the case may be.

In addition to the valuation of new house purchase and properties for re-mortgage loan applications describe above, further advances are also subject to a valuation process. whereby an AVM is used to carry out a valuation with respect to the further advance.

Loans valued using borrowers' estimate of value (which were only available prior to June 2008) and HPI are referred to as **loans without independent valuation**.

All aspects of valuation policy and the business rules applied are reviewed periodically.

(3) Property types

The seller applies business rules related to property type, location, purpose/use of property and tenure to determine the eligibility of properties to serve as security for loans. The eligibility criteria for loans to be included in the portfolio is restricted to properties used as residential property for owner occupiers located throughout the United Kingdom, except the Isle of Man, the Isles of Scilly and more remote Scottish Islands.

The following tenures are eligible: freehold (in Scotland, heritable) and leasehold houses, leasehold flats, commonhold and Scottish ownership. In the case of a loan secured by a leasehold property, the seller requires that the unexpired term of the lease be at least 30 years (in England) or 50 years (in Scotland and Northern Ireland) from the end of the agreed loan term. Since December 2007 these requirements have included an absolute minimum unexpired lease term of 55 years at the inception of the loan.

(4) Loan amount

The seller's product maximum loan amount is £2,000,000 and a scale of mortgage mandate approval levels is applied. However loans exceeding £1,000,000 are subject to the approval of the risk manager of the central underwriting unit. The seller has represented and warranted in the mortgage sale agreement that all eligible loans have a true balance of less than £1,000,000. Where the total indebtedness of a loan in the portfolio exceeds £1,000,000 the loan will be repurchased by the seller.

(5) Term

The maximum initial mortgage term is 40 years.

(6) Age of applicant

All borrowers in respect of all loans must be aged 18 or over. Since July 2008, all new loans have been restricted to terms that do not extend beyond the eldest applicant's 75th birthday, with some exceptions for existing borrowers already outside this limit.

(7) Status of applicant(s)

The maximum loan amount of the loan(s) under the mortgage account is determined by a number of factors, including the applicant's income. In determining income, the seller includes basic salary along with performance or profit-related pay allowances, mortgage subsidies, pensions, annuities, overtime, bonus, commission, rental income and selected investment income.

The affordability calculation, used in all cases, takes the applicants' gross incomes, including prescribed elements of additional and secondary incomes, credit commitments with more than six months remaining, other non-standard outgoings and an allowance for household costs to derive an affordable loan amount. Where there are two applicants, the seller adds joint incomes together for the purpose of calculating the applicants' total income.

The seller, through its central risk management underwriting unit, may exercise discretion within its lending criteria in applying those factors that are used to determine the maximum amount an applicant can borrow. Accordingly, these parameters may vary for some mortgage loans. The seller may take the following into account when applying discretion: credit score result, existing customer relationship, LTV, known changes in circumstances and total income needed to support the loan.

(8) Credit history

(a) Credit Search

A credit search is carried out on the first two applicants. Applications may be declined where an adverse credit history (for example, county court judgment (or the Scottish or Northern Irish equivalent), default or bankruptcy notice) is revealed.

(b) Payment History

Subject to the credit score result, in some cases the seller may seek to see the borrower's mortgage statements. Any statements must satisfy the seller that the account has been properly conducted and that no history of material arrears exists. The seller may substitute the statements with the bureau record obtained as a result of the credit search.

(9) Scorecard

The seller uses some of the criteria described here and various other criteria to produce an overall score for the application that reflects a quantitative measure of the credit risk of advancing the loan. The scorecard has been developed using the seller's own data and experience of its own mortgage accounts. The lending policies and processes are determined centrally to ensure consistency in the management and monitoring of credit risk exposure. Credit scoring applies statistical analysis to publicly available data, credit reference agency bureau data, the seller's own cross holding data and customer-provided data to assess the likelihood of a mortgage account going into arrears.

The seller reserves the right to decline an application that has achieved a passing score. It is the seller's policy to allow only authorised individuals to exercise discretion in granting variances from the scorecard. The seller does have an appeals process if an applicant believes that his/her application has been unfairly declined.

On a case-by-case basis, and within approved limits as detailed in the seller's lending criteria, the seller acting as a prudent mortgage lender may have determined that, based upon compensating factors, a prospective borrower that did not strictly qualify under its lending criteria at that time warranted an underwriting exception. The seller may take into account compensating factors including, but not limited to, a low LTV ratio, stable employment and time in residence at the applicant's current residence. New loans and further advances (made prior to their assignment to the mortgages trustee or if the seller decides at a later date to retain such loans subject to further advances within the mortgages trust, after their assignment to the mortgages trustee) that the seller has originated under lending criteria that are different from the lending criteria set out here may be assigned to the mortgages trustee.

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.

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. Loans and further advances that are originated under lending criteria that are different from the criteria set out here may be sold to the mortgages trustee.

Any material changes from the seller's prior underwriting policies and lending criteria shall be disclosed without undue delay to the extent required under Article 20(10) of the UK Securitisation Regulation.

Insurance policies

Insurance of the property

Each mortgaged property is required to be insured with buildings insurance. The insurance may be purchased through the borrower or landlord (in the case of a leasehold property). If the seller becomes aware that no adequate insurance is in place, it has the power to arrange insurance of the property and charge the premiums for this to the borrower's mortgage account.

Subject as set out above, the seller only insures a property once it has repossessed the property from a defaulting borrower. See "**- Properties in possession cover**".

Borrower-arranged buildings insurance

The seller currently sells home insurance policies of a third party provider. A borrower may elect not to take up such an insurance policy, or a borrower who originally had such a policy may elect to insure the property with an independent insurer. The seller generally requires that any borrower-arranged insurance policy for freehold (or heritable in the case of the properties located in Scotland) properties must either be held in the joint names of the seller and all of the applicants and be maintained in their joint names or that a note of the interest of the seller be made and maintained on the policy and for leasehold properties has a specific note of the interest of the seller noted on the policy for the duration of the mortgage. The seller also requires that the sum insured be for an amount not less than the full reinstatement value of the property, that the borrower inform the seller of any damage to the property that occurs and that the borrower make a claim under the insurance for any damages covered by it unless the borrower makes good the damage.

Mortgage protection plans

Until 9 August 2011, the seller offered borrowers the option to purchase Mortgage Payment Protection Insurance (**MPPI**) provided on behalf of the seller by Aviva Insurance Limited. MPPI provides flexible cover for the borrower's monthly mortgage payments and other regular monthly outgoings in the event of an accident, sickness and unemployment (including carer cover). Subject to eligibility criteria the borrower can choose a cover option and claim benefit period suitable to their individual needs. The borrower's MPPI premiums are paid monthly with their monthly mortgage payment.

Properties in possession cover

When a mortgaged property is taken into possession by the seller, the seller takes the necessary actions to ensure that the property is placed on to its block properties in possession insurance policy so that appropriate insurance cover is provided on the property. The seller may claim under this policy for any damage occurring to the property while in the seller's possession.

To the extent that any proceeds are received by the servicer, it will agree to pay these into the mortgages trustee GIC account. The servicer will make claims in accordance with the seller's policy and pay proceeds relating to the loans into the mortgages trustee GIC account.

In the mortgage sale agreement, the seller agrees to make and enforce claims under the relevant policies and to hold the proceeds of claims on trust for the mortgages trustee or as the mortgages trustee may direct.

Title insurance

The seller currently only accepts title insurance in respect of certain limited title defects (e.g. restrictive covenants) and not *in lieu* of an investigation of title. This policy may change from time to time; such changes will be disclosed by way of a supplement to this base prospectus. There will be no loans in the portfolio in respect of which no investigation of title has been undertaken, whether or not title insurance has been obtained. Inclusion of loans in the portfolio having the benefit of a title insurance policy will be subject to the approval of the Funding 1 security trustee and confirmation from S&P that inclusion of these loans will not cause the downgrade or withdrawal of the rating of any rated note (and advance notice in writing of such inclusion of these loans has been provided to Moody's and Fitch and there being no reduction, qualification or withdrawal by Moody's or Fitch of the then current ratings of the rated notes as a consequence thereof) (provided that such confirmation from S&P shall not be required to the extent such rating agency does not maintain a rating of any notes which are outstanding). Relevant representations and warranties will be given in relation to any title insurance policy each time that Funding 1 provides consideration for the sale of loans to the mortgages trust.

Arrears policy

Arrears cases are managed by Collection & Recoveries, a dedicated arrears management department within the seller's Member Missions, Moments that Matter community within Nationwide's organisational structure. As the seller is a credit institution it is a PRA authorised and FCA regulated mortgage lender, the seller's lending and arrears policies are required to comply with MCOB and CONC.

Delinquency and default of debtors, losses, charge offs, recoveries and other asset performance remedies are defined in accordance with the servicer's servicing policies and procedures. A loan will be considered delinquent and will enter the seller's Collections systems when it is 0.4 months in arrears and the arrears balance is greater than £50.00 on an aggregate position across all accounts at the end of the month. A loan is in default when more than three monthly payments are outstanding.

The high level management process for mortgage accounts in arrears is split into four sections:

1. Collections

Collections focus on front end cases, typically less than three months in arrears. The objective of collections is to contact the borrower and remedy the underpayment as soon as possible via mutual agreement, which is intended to be a sustainable and affordable solution for the borrower. Borrowers are contacted by various methods, including telephone and letter, according to the allocated contact strategy. Borrowers may also receive a home visit.

Potential remedies include arrangement, concession, capitalisation and extended term. Cases are segmented in order of priority by taking various factors into consideration including date since origination, previous arrears history and risk as determined by credit score. Collections performance is monitored by input and output key performance indicators that are reviewed by the Senior Leadership Team and various governance committees.

Cases that are more than three months in arrears are initially considered to be in a pre-litigation phase and managed by the collections team with the objective of reaching a mutual agreement with the borrower, or alternatively preparing the case for litigation action (and to be managed by the Litigation team). Potential remedies for such loans include arrangement, concession, capitalisation, extended term and ultimately litigation.

2. Litigation

Where there are no sustainable forbearance options or where the seller is otherwise unable to reach mutual agreement with a borrower in default, the seller may elect to commence legal proceedings for possession of the property. Defined litigation criteria (which considers months in arrears, outstanding mortgage and arrears balances, missed contractual monthly instalments, and engagement with the borrower) exist and where these are triggered, cases are referred to the Litigation team. Pre-litigation attempts to contact the borrower are made providing an opportunity to rehabilitate the loan situation but if this is unsuccessful, litigation is instigated. For all jurisdictions litigation is managed by a panel of external solicitors. The objective of litigation is to achieve an order for possession at hearing. Litigation will follow the breakdown of the borrower's commitment to pay and where negotiation with the borrower either via telephone, letter or in person has failed to obtain payment. Where a court order is obtained, enforcement for possession is considered as a last resort.

3. Possession Sales

Following the enforcement of a court order for possession, the voluntary surrender of the property or a property being abandoned by the borrower the administration of the property sale

is managed by the Property Sales team. The focus post possession is to maximise the sale price versus the valuation obtained at possession and the speed of sale to ensure the property is marketed appropriately. The role of securing and marketing the property is outsourced to panels of asset managers who in turn instruct property maintenance companies and estate agents, conveyancing and building insurance are also outsourced, arranged by the seller.

4. Shortfall Recoveries

If a shortfall is crystallised on the sale of the property, the recovery of the shortfall is outsourced to a firm of solicitors. The key focus being to maximise net shortfall recoveries. The seller will inform the borrower of the amount of the mortgage shortfall debt as soon as possible and, where relevant, the decision to recover the debt. This notification will take place within six years (or, with respect to a mortgage subject to Scottish law, five years) from the date of sale of the property. In general the seller aims to grant the borrower a reasonable amount of time to re-establish their financial situation before pursuing payment of a mortgage shortfall debt.

Where the seller considers the borrower's personal and financial circumstances are exceptional and/or unlikely to improve, the seller may consider writing off or not pursuing part or all of the mortgage shortfall debt. The decision to do this will be on the basis of the borrower's individual situation. If the debt is written off, the borrower and relevant third parties including the Credit Reference Agencies (CRAs) will be informed of the decision.

Governing law

Each of the English loans is governed by English law, each of the Scottish loans is governed by Scots law and each of the Northern Irish loans is governed by Northern Irish law.

CHARACTERISTICS OF THE UNITED KINGDOM RESIDENTIAL MORTGAGE MARKET

The UK housing market is primarily one of owner-occupied housing, with the remainder in some form of public, private landlord or social ownership. The mortgage market, whereby loans are provided for the purchase of a property and secured on that property, is the primary source of household borrowings in the United Kingdom.

Set out in the following tables are certain characteristics of the United Kingdom mortgage market. The final terms for each issuance of notes will contain information updating such tables together with other information regarding the characteristics of the United Kingdom mortgage market.

Housing Price to earnings ratio

The table below sets out affordability ratios calculated by dividing house prices by gross annual workplace-based earnings, based on the median and lower quartiles of both house prices and earnings in England and Wales. The earnings data are from the Annual Survey of Hours and Earnings which provides a snapshot of earnings at April in each year. Earnings relate to gross full-time individual earnings on a place of work basis. The house price statistics come from the House Price Statistics for Small Areas, which report the median and lower quartile price paid for residential property and refer to a 12 month period with April in the middle (year ending September).

Year	**Ratio of median house price to median gross annual (where available) workplace-based earnings by country and region, England and Wales**	**Year**	**Ratio of median house price to median gross annual (where available) workplace-based earnings by country and region, England and Wales**
1997	3.55	2010	6.85
1998	3.66	2011	6.73
1999	3.89	2012	6.76
2000	4.13	2013	6.74
2001	4.42	2014	6.95
2002	5.06	2015	7.37
2003	5.85	2016	7.59
2004	6.53	2017	7.77
2005	6.74	2018	7.85
2006	6.96	2019	7.73
2007	7.17	2020	7.75
2008	6.90	2021	8.91

2009	6.35	2022	8.16

Source: Office for National Statistics, Land Registry, Office for National Statistics - Annual Survey of Hours and Earnings

House price index

UK residential property prices, as measured by the Nationwide House Price Index, have generally followed the UK Retail Price Index over an extended period.

The UK housing market has been through various economic cycles in the recent past, with large year-to-year increases in the Nationwide House Price Index occurring in the late 1980s and large decreases occurring in the early 1990s and from 2007 to 2013.

	Retail Price Index		Nationwide House Price Index	
Quarter	**Index**	**% Annual Change**	**Index**	**% Annual Change**
December 2005	193.7	2.4	314.0	3.2
March 2006	194.2	2.4	319.8	4.9
June 2006	197.6	3.0	329.2	4.8
September 2006	199.3	3.5	336.1	6.9
December 2006	201.4	4.0	343.2	9.3
March 2007	203.0	4.5	350.2	9.5
June 2007	206.3	4.4	362.7	10.2
September 2007	207.1	3.9	367.3	9.3
December 2007	209.8	4.2	367.0	6.9
March 2008	211.1	4.0	357.8	2.2
June 2008	215.3	4.4	348.1	-4.0
September 2008	217.4	5.0	329.5	-10.3
December 2008	215.5	2.7	312.9	-14.7
March 2009	210.9	-0.1	298.7	-16.5
June 2009	212.6	-1.3	307.3	-11.7
September 2009	214.4	-1.4	319.5	-3.0
December 2009	216.9	0.6	323.4	3.4
March 2010	219.3	4.0	324.9	8.8
June 2010	223.5	5.1	336.6	9.5
September 2010	224.5	4.7	333.9	4.5
December 2010	227.0	4.7	325.1	0.5
March 2011	230.9	5.3	323.9	-0.3
June 2011	234.9	5.1	332.7	-1.2
September 2011	236.2	5.2	332.3	-0.5
December 2011	238.6	5.1	328.7	1.1
March 2012	239.6	3.8	324.6	0.2
June 2012	242.2	3.1	329.1	-1.1
September 2012	243.1	2.9	327.0	-1.6
December 2012	246.0	3.1	325.0	-1.1
March 2013	247.4	3.3	325.3	0.2
June 2013	249.7	3.1	333.7	1.4
September 2013	250.9	3.2	341.0	4.3
December 2013	252.5	2.6	348.0	7.1
March 2014	253.9	2.6	355.3	9.2
June 2014	256.0	2.5	372.1	11.5

	Retail Price Index		Nationwide House Price Index	
Quarter	**Index**	**% Annual Change**	**Index**	**% Annual Change**
September 2014	256.9	2.4	376.7	10.5
December 2014	257.4	1.9	377.0	8.3
March 2015	256.4	1.0	376.2	5.9
June 2015	258.5	1.0	387.5	4.1
September 2015	259.3	0.9	390.5	3.7
December 2015	260.0	1.0	393.1	4.3
March 2016	260.0	1.4	396.1	5.3
June 2016	262.2	1.4	407.4	5.1
September 2016	264.2	1.9	411.6	5.4
December 2016	265.8	2.2	410.8	4.5
March 2017	267.7	3.0	412.3	4.1
June 2017	271.5	3.5	418.9	2.8
September 2017	274.2	3.8	422.3	2.6
December 2017	276.4	4.0	421.8	2.7
March 2018	277.5	3.7	422.5	2.5
June 2018	280.6	3.4	428.1	2.2
September 2018	283.3	3.3	431.1	2.1
December 2018	284.9	3.1	427.3	1.3
March 2019	284.4	2.5	424.3	0.4
June 2019	289.0	3.0	430.7	0.6
September 2019	290.7	2.6	432.5	0.3
December 2019	291.1	2.2	430.7	0.8
March 2020	291.7	2.6	434.7	2.5
June 2020	292.5	1.2	439.1	2.0
September 2020	293.9	1.1	447.5	3.5
December 2020	294.4	1.1	458.5	6.4
March 2021	295.8	1.4	462.1	6.3
June 2021	302.3	3.4	484.2	10.3
September 2021	307.2	4.5	493.8	10.3
December 2021	314.7	6.9	504.9	10.1
March 2022	320.5	8.4	520.2	12.6
June 2022	337.2	11.5	539.5	11.4
September 2022	345.3	12.4	544.9	10.3
December 2022	358.3	13.9	529.0	4.8
March 2023	364.0	13.6	514.9	-1.0
June 2023	374.8	11.2	522.6	-3.1
September 2023	376.4	9.0	519.0	-4.7

Source: Office for National Statistics and Nationwide

The percentage annual change in the table above is calculated in accordance with the following formula: x/y - 1 where **x** is equal to the current quarter's index value and **y** is equal to the index value of the previous year's corresponding quarter.

All information contained in this base prospectus in respect of the Nationwide House Price Index has been reproduced from information published by Nationwide. All information contained in this base prospectus in respect of the UK Retail Price Index has been reproduced from information published by the Office for National Statistics. The issuer confirms that all information in this base prospectus in respect of the Nationwide House Price Index and the UK Retail Price Index has been accurately reproduced and that, so far as it is aware and is able to ascertain from information published by

Nationwide and the Office for National Statistics respectively, no facts have been omitted which would render the reproduced information inaccurate or misleading.

Note, however, that the issuer has not participated in the preparation of that information nor made any enquiry with respect to that information. Neither the issuer nor Nationwide nor the Office for National Statistics makes any representation as to the accuracy of the information or has any liability whatsoever to you in connection with that information. Anyone relying on the information does so at their own risk.

FORM OF THE NOTES

Global notes

Each class of notes (other than the class Z notes) of a series offered and sold outside the United States to non-U.S. persons in reliance on Regulation S will be represented on issue by one or more global notes of such class in fully registered form without interest coupons or principal receipts attached (each a **Reg S global note**) which will be deposited with a common depositary for Euroclear and Clearstream, Luxembourg or with a common safekeeper for Euroclear and Clearstream, Luxembourg. Beneficial interests in a Reg S global note may be held only through Euroclear or Clearstream, Luxembourg or their participants at any time. See "**Book entry clearance procedures**".

Each class of notes (other than the class Z notes) of a series offered and sold in the United States to QIBs that are also QPs in reliance on Rule 144A (the **Rule 144A notes**) will be represented on issue by one or more global notes of such class, in fully registered form without interest coupons or principal receipts attached (each a **Rule 144A global note**), which will either (i) be deposited with Citibank, N.A., as custodian for, and registered in the name of a nominee for DTC (or such other name as may be requested by an authorised representative of DTC) or (ii) be deposited with a common depositary for Euroclear and Clearstream, Luxembourg or with a common safekeeper for Euroclear and Clearstream, Luxembourg, as specified in the applicable final terms (or, in the case of exempt notes, the applicable pricing supplement). Beneficial interests in a Rule 144A global note may only be held through DTC, Euroclear or Clearstream, Luxembourg or their participants at any time (see "**Book entry clearance procedures**"). Beneficial interests in a Rule 144A global note may only be held by persons who are QIBs that are also QPs holding their interests for their own account or for the account of another QIB that is also a QP. By acquisition of a beneficial interest in a Rule 144A global note, the purchaser thereof will be deemed to represent, among other things, that it is a QIB that is also a QP and that, if in the future it determines to transfer such beneficial interest, it will transfer such interest in accordance with the procedures and restrictions contained in the Rule 144A global note (see "**Transfer restrictions and investor representations**").

The Reg S global notes and the Rule 144A global notes are referred to herein as **global notes**. Beneficial interests in global notes of a series will be subject to certain restrictions on transfer set out therein, herein and/or in the note trust deed and such global notes will bear the applicable legends regarding the restrictions set out under "**Transfer restrictions and investor representations**". No beneficial owner of a beneficial interest in a global note will be able to transfer such interest, except in accordance with the applicable procedures of DTC, Euroclear and Clearstream, Luxembourg, in each case, to the extent applicable.

The issuer will notify Euroclear, Clearstream, Luxembourg and the paying agents upon issue whether the notes are intended, or are not intended, to be held in a manner which would allow Eurosystem eligibility and deposited with one of Euroclear and Clearstream, Luxembourg as common safekeeper (and in the case of registered notes, registered in the name of a nominee of one of Euroclear and Clearstream, Luxembourg acting as common safekeeper). Where the notes are not intended to be deposited with one of Euroclear and Clearstream, Luxembourg as common safekeeper upon issuance, should the Eurosystem eligibility criteria be amended in the future such as that the notes are capable of meeting such criteria, the notes may then be deposited with one of Euroclear and Clearstream, Luxembourg as common safekeeper. Where the notes are so deposited with one of Euroclear and Clearstream, Luxembourg as common safekeeper (and in the case of registered notes, registered in the name of a nominee of one of Euroclear and Clearstream, Luxembourg acting as common safekeeper) upon issuance or otherwise, this does not necessarily mean that the notes will be recognised as eligible collateral for Eurosystem monetary policy and intraday credit operations by the Eurosystem at issuance or at any time during their life. Such recognition will depend upon the European Central Bank being satisfied that Eurosystem eligibility criteria have been met.

Definitive notes

A class (or sub-class) of Z notes of a series, the class Z GIC collateral notes and the class Z variable funding notes will be issued in definitive registered form and deposited with the custodian on behalf of the note purchaser on or about the initial closing date. Owners of beneficial interests in global notes will not be entitled to receive physical delivery of individual certificated notes, except in the following limited circumstances:

- as a result of a change in UK law, the 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 notes that would not be required if the notes were in definitive form;

- in the case of Rule 144A global notes held through DTC, DTC notifies the issuer that it is unwilling or unable to hold such Rule 144A 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 issuer cannot appoint a successor within 90 days; or

- in the case of global notes held 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 satisfactory to the note trustee is available.

In no event will definitive notes in bearer form be issued. Any definitive notes of a series will be issued in registered form in minimum denominations as specified in the applicable final terms (or, in the case of exempt notes, the applicable pricing supplement). Any definitive notes will be registered in that name or those names as the registrar shall be instructed by DTC, Clearstream, Luxembourg, Euroclear and any alternative clearing system agreed by the issuer, as applicable. It is expected that these instructions will be based upon directions received by DTC, Clearstream, Luxembourg, Euroclear and any alternative clearing system agreed by the issuer, from their participants reflecting the ownership of book-entry interests. To the extent permitted by law, the issuer, the note trustee and any paying agent shall be entitled to treat the person in whose name any definitive notes are registered as the absolute owner thereof. The paying agent and agent bank agreement contains provisions relating to the maintenance by a registrar of a register reflecting ownership of the 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 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 Rule 144A 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 notes of such class, only upon receipt by the issuer of a written certification from the transferor to the effect that such transfer is being made in accordance with Rule 903 or 904 of Regulation S. 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 Rule 144A global note of the same class only upon receipt by the issuer of written certification from the transferor to the effect that such transfer is being made to a person whom the transferor reasonably believes is 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 that is also a QP, in each case, in a transaction meeting the requirements of Rule 144A and in accordance with any applicable securities laws of any state of the United States or any other jurisdiction.

Any 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 Rule 144A 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 Rule 144A global note and, accordingly, will thereafter be subject to all transfer restrictions and other procedures applicable to beneficial interests in a Rule 144A global note for as long as it remains such a beneficial interest. Any beneficial interest in a Rule 144A 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 Rule 144A 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.

Exempt Notes

The issuer may agree with any dealer that exempt notes may be issued in a form not contemplated by the terms and conditions of the notes, in which event the relevant provisions will be included in the applicable pricing supplement.

BOOK ENTRY CLEARANCE PROCEDURES

The information set out below has been obtained from the clearing systems (as defined herein) and the issuer believes that such sources are reliable, but prospective investors are advised to make their own enquiries as to such procedures. The issuer confirms that the information set out below has been accurately reproduced and that, as far as the issuer is aware and is able to ascertain from information published by the clearing systems, no facts have been omitted which would render the reproduced information set out below inaccurate or misleading. Such information is subject to any change in or reinterpretation of the rules, regulations and procedures of Euroclear, Clearstream, Luxembourg or DTC (together, the ***clearing systems****) currently in effect and investors wishing to use the facilities of any of the clearing systems are therefore advised to confirm the continued applicability of the rules, regulations and procedures of the relevant clearing system. None of the arranger, the seller, the servicer, the start-up loan provider, the cash manager, the issuer cash manager, Funding 1, the mortgages trustee, the issuer security trustee, the Funding 1 security trustee, the note trustee, any paying agent, the agent bank, the Funding 1 swap provider, the issuer swap providers, the issuer account bank, the Funding 1 account bank or the mortgages trustee account bank (or any affiliate of any of the above, as defined in the Securities Act) will have any responsibility for the performance by the clearing systems 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 below.*

Although DTC, Euroclear and Clearstream, Luxembourg will agree 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 discounted at any time. None of the issuer, the note trustee, the issuer security trustee or any of their respective agents 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.

Euroclear, Clearstream, Luxembourg and DTC

Custodial and depositary links will be established between the clearing systems to facilitate the initial issue of the notes and cross-market transfers of the notes associated with secondary market trading see "**Settlement and transfer of notes**".

Euroclear and Clearstream, Luxembourg

Euroclear and Clearstream, Luxembourg each hold securities for their customers and facilitate the clearance and settlement of securities transactions through electronic book-entry transfer between their respective accountholders. Indirect access to Euroclear and Clearstream, Luxembourg is available to other institutions which clear through or maintain a custodial relationship with an accountholder of either system. Euroclear and Clearstream, Luxembourg provide various services including safekeeping, administration, clearance and settlement of internationally-traded securities and securities lending and borrowing. Euroclear and Clearstream, Luxembourg also deal with domestic securities markets in several countries through established depositary and custodial relationships. Euroclear and Clearstream, Luxembourg have established an electronic bridge between their two systems across which their respective customers may settle trades with each other. Their customers are worldwide financial institutions including underwriters, securities brokers and dealers, banks, trust companies and clearing corporations. Investors may hold their interests in such global notes directly through Euroclear or Clearstream, Luxembourg if they are accountholders (**direct participants**) or indirectly (**indirect participants** and, together with direct participants, **participants**) through organisations which are accountholders therein.

DTC

DTC has advised the issuer as follows: "DTC, the world's largest depositary, is a limited-purpose trust company organised under the New York Banking Law, a "banking organisation" under the laws of the State of New York, a member of the U.S. Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code and a "clearing agency" registered pursuant to the provisions of section 17A of the Exchange Act." DTC was created to hold securities for its participants and facilitate the clearance and settlement of securities transactions between participants through electronic computerised book-entry changes in accounts of its participants, thereby eliminating the need for physical movement of certificates. Direct participants include securities brokers and dealers, banks, trust companies, clearing corporations and certain other organisations. Indirect access to DTC is available to others, such as banks, securities brokers, dealers and trust companies, that clear through or maintain a custodial relationship with a DTC direct participant, either directly or indirectly.

Investors may hold their interests in a global note directly through DTC if they are participants (**direct participants**) in the DTC system, or indirectly through organisations which are participants in such system (**indirect participants**, and together with direct participants, **participants**).

DTC has advised the issuer that it will take any action permitted to be taken by a holder of notes only at the direction of one or more participants in whose accounts with DTC interests in global notes are credited and only in respect of such portion of the aggregate principal amount of the relevant global notes as to which such participant or participants has to have given such direction.

Book-entry ownership

Euroclear and Clearstream, Luxembourg

Each Reg S global note will have an ISIN and a common code and will be deposited with Citibank, N.A., London Branch as common depositary on behalf of Euroclear and Clearstream, Luxembourg or with Citibank, N.A., London Branch as common safekeeper on behalf of Euroclear and Clearstream, Luxembourg.

DTC

Each Rule 144A global note will have an ISIN, a common code and a CUSIP number and will either (i) be deposited with Citibank, N.A. as custodian (the **custodian**) for, and registered in the name of a nominee for DTC (or such other name as may be requested by an authorised representative of DTC) or (ii) be deposited with a common depositary on behalf of Euroclear and Clearstream, Luxembourg or with a common safekeeper on behalf of Euroclear and Clearstream, Luxembourg, as specified in the applicable final terms (or, in the case of exempt notes, the applicable pricing supplement). In relation to Rule 144A global notes deposited with the custodian, the custodian and DTC will electronically record the principal amount of the notes held within the DTC system.

Payments and relationship of participants with clearing systems

Each of the persons shown in the records of Euroclear, Clearstream, Luxembourg or DTC as the holder of a note represented by a global note must look solely to Euroclear, Clearstream, Luxembourg or DTC (as the case may be) for his share of each payment made by the issuer to the holder of such global note (save in the case of payments other than U.S. dollars outside DTC, as referred to below) and in relation to all other rights arising under the global note, subject to and in accordance with the respective rules and procedures of Euroclear, Clearstream, Luxembourg or DTC (as the case may be). The issuer expects that, upon receipt of any payment in respect of notes represented by a global note, the common depositary by whom such note is held, or nominee in whose name it is registered, will (save as provided below in respect of Rule 144A global notes held through DTC) immediately credit the relevant participants' or accountholders' accounts in the relevant clearing system with payments in amounts

proportionate to their respective beneficial interests in the principal amount of the relevant global note as shown on the records of the relevant clearing system or its nominee. The issuer also expects that payments by direct participants in any clearing system to owners of beneficial interests in any global note held through such direct participants in any clearing system will be governed by standing instructions and customary practices. Save as aforesaid, such persons shall have no claim directly against the issuer in respect of payments due on the notes for so long as the notes are represented by such global note and the obligations of the issuer will be discharged by payment to the registered holder, as the case may be, of such global note in respect of each amount so paid. None of the arranger, the seller, the servicer, the start-up loan providers, the cash manager, the issuer cash manager, Funding 1, the mortgages trustee, the issuer security trustee, the Funding 1 security trustee, the note trustee, any paying agent, the agent bank, the Funding 1 swap provider, the issuer swap providers, the issuer account bank, the Funding 1 account bank or the mortgages trustee account bank will have any responsibility or liability for any aspect of the records relating to or payments made on account of ownership interests in any global note or for maintaining, supervising or reviewing any records relating to such ownership interests.

DTC will only process payments of principal and interest in U.S. dollars. Accordingly, holders of beneficial interests in Rule 144A global notes held through DTC and denominated in a currency other than U.S. dollars must notify the exchange rate agent not less than 15 days prior to each interest payment date (i) that they wish to be paid in such currency outside DTC and (ii) of the relevant bank account details into which such payments are to be made.

If such instructions are not received, the exchange rate agent will exchange the relevant non-U.S. dollar amounts into U.S. dollars. The exchange rate agent will effect the exchange of the relevant amounts into U.S. dollars on such payment date at a market rate available on such interest payment date and in accordance with the exchange rate agent's usual procedures for such currency exchange, and the relevant holders of beneficial interests will receive the U.S. dollar equivalent of such payment converted at such exchange rate. Upon written request by a holder of beneficial interests in Rule 144A global notes held through DTC, the exchange rate agent will provide information regarding the exchange rate (and any relevant commission) with respect to any amounts converted into U.S. dollars.

Principal and interest payments on the class Z notes in definitive registered form will be made in accordance with the terms and conditions of the notes.

Settlement and transfer of notes

Subject to the rules and procedures of each applicable clearing system, purchases of notes held within a clearing system must be made by or through direct participants, which will receive a credit for such notes on the clearing system's records. The ownership interest of each actual purchaser of each such note (the **beneficial owner**) will in turn be recorded on the participant's records. Beneficial owners will not receive written confirmation from any clearing system of their purchase, but beneficial owners are expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the direct and indirect participant through which such beneficial owner entered into the transaction. Transfers of ownership interests in notes held within the clearing system will be effected by entries made on the books of participants acting on behalf of beneficial owners. **Beneficial owners will not receive individual certificates representing their ownership interests in such notes unless use of the book-entry system for the notes described in this section is discontinued**.

No clearing system has knowledge of the actual beneficial owners of the notes held within such clearing system and their records will reflect only the identity of the direct participants to whose accounts such notes are credited, which may or may not be the beneficial owners. The participants will remain responsible for keeping account of their holdings on behalf of their customers. Conveyance of notices and other communications by the clearing systems to direct participants, by direct participants to indirect participants, and by direct participants and indirect participants to beneficial owners will be

governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

The laws of some states in the United States may require that certain persons take physical delivery in definitive form of securities. Consequently, it may not be possible to transfer interests in a global note to such persons. Because DTC can only act on behalf of direct participants, who in turn act on behalf of indirect participants, the ability of a person having an interest in a global note to pledge such interest to persons or entities that do not participate in DTC, or otherwise take actions in respect of such interest, may be affected by a lack of a physical certificate in respect of such interest.

Trading between Euroclear and/or Clearstream, Luxembourg participants

Secondary market sales of book-entry interests in the notes held through Euroclear or Clearstream, Luxembourg to purchasers of book-entry interests in the notes held through Euroclear or Clearstream, Luxembourg will be conducted in accordance with the normal rules and operating procedures of Euroclear and Clearstream, Luxembourg and will be settled using the procedures applicable to conventional Eurobonds, sterling denominated bonds and U.S. dollar denominated bonds.

Trading between DTC participants

Secondary market sales of book-entry interests in the dollar notes between DTC participants will occur in the ordinary way in accordance with DTC rules and will be settled using the procedures applicable to United States corporate debt obligations in DTC's same-day funds settlement system in same-day funds, if payment is effected in U.S. dollars, or free of payment, if payment is not effected in U.S. dollars. Where payment is not effected in U.S. dollars, separate payment arrangements outside DTC are required to be made between the DTC participants.

Trading between DTC seller and Euroclear/Clearstream, Luxembourg purchaser

When book-entry interests in the notes are to be transferred from the account of a DTC participant holding a beneficial interest in a global note to the account of a Euroclear or Clearstream, Luxembourg accountholder wishing to purchase a beneficial interest in that global note (subject to the certification procedures provided in the note trust deed), subject to the rules and procedures of DTC and Euroclear/Clearstream, Luxembourg (as the case may be), the DTC participant will deliver instructions for delivery to the relevant Euroclear or Clearstream, Luxembourg accountholder to DTC by 12 noon, New York time, on the settlement date. Separate payment arrangements are required to be made between the DTC participant and the relevant Euroclear or Clearstream, Luxembourg participant. On the settlement date, the custodian of the global note will instruct the registrar to (i) decrease the amount of notes registered in the name of a nominee for DTC (as may be requested by an authorised representative of DTC), evidenced by the relevant global note and (ii) increase the amount of notes registered in the name of the nominee of the common depositary for Euroclear and Clearstream, Luxembourg and common safekeeper evidenced by the relevant global note. Book-entry interests will be delivered free of payment to Euroclear or Clearstream, Luxembourg, as the case may be, for credit to the relevant accountholder on the first business day following the settlement date.

Trading between Euroclear/Clearstream, Luxembourg seller and DTC purchaser

When book-entry interests in the notes are to be transferred from the account of a Euroclear or Clearstream, Luxembourg accountholder to the account of a DTC participant wishing to purchase a beneficial interest in a global note (subject to the certification procedures provided in the note trust deed), subject to the rules and procedures of DTC and Euroclear/Clearstream, Luxembourg (as the case may be), the Euroclear or Clearstream, Luxembourg participant must send to Euroclear or Clearstream, Luxembourg delivery free of payment instructions by 7.45 p.m., Brussels or Luxembourg time, one business day prior to the settlement date. Euroclear or Clearstream, Luxembourg, as the case may be, will in turn transmit appropriate instructions to the common depositary for Euroclear and Clearstream,

Luxembourg or common safekeeper and the registrar to arrange delivery to the DTC participant on the settlement date. Separate payment arrangements are required to be made between the DTC participant and the relevant Euroclear or Clearstream, Luxembourg accountholder, as the case may be. On the settlement date, the common depositary for Euroclear and Clearstream, Luxembourg or common safekeeper will: (a) transmit appropriate instructions to the custodian of the global note who will in turn deliver evidence of such book-entry interests in the notes free of payment to the relevant account of the DTC participant; and (b) instruct the registrar to (i) decrease the amount of notes registered in the name of the nominee of the common depositary for Euroclear and Clearstream, Luxembourg or common safekeeper and evidenced by the relevant global note and (ii) increase the amount of notes registered in the name of a nominee for DTC (or as may be requested by an authorised representative of DTC) and evidenced by the relevant global note.

Although DTC, Clearstream, Luxembourg and Euroclear have agreed to the foregoing procedures in order to facilitate transfers of beneficial interests in global notes among participants and accountholders of DTC, Clearstream, Luxembourg and Euroclear, 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 arranger, the servicer, the seller, the start-up loan provider, the cash manager, the issuer cash manager, the seller, Funding 1, the mortgages trustee, the issuer security trustee, the Funding 1 security trustee, the note trustee, any paying agent, the registrar, the transfer agent, the agent bank, the Funding 1 swap provider, the issuer swap providers, the issuer account bank, the Funding 1 account bank or the mortgages trustee account bank will have any responsibility for the performance by DTC, Clearstream, Luxembourg or Euroclear or their respective direct or indirect participants of their respective obligations under the rules and procedures governing their operations.

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.

Pre-issue trades settlement

It is expected that delivery of notes will be made against payment therefore on the closing date, which could be more than three business days following the date of pricing. Under Rule 15c6-l under the Exchange Act, trades in the United States secondary market generally are required to settle within three business days (**T+3**), unless the parties to any such trade expressly agree otherwise. Accordingly, purchasers who wish to trade notes in the United States on the date of pricing or the next succeeding business days until three days prior to the relevant closing date will be required, by virtue of the fact the notes initially will settle beyond T+3, to specify an alternate settlement cycle at the time of any such trade to prevent a failed settlement. Settlement procedures in other countries will vary. Purchasers of notes may be affected by such local settlement practices and purchasers of notes who wish to trade notes between the date of pricing and the relevant closing date should consult their own adviser.

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 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 issuer and the relevant dealer(s) (if any) and, if applicable, underwriters (if any) 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 pricing supplement in relation to any exempt notes may specify other terms and conditions which shall, to the extent so specified or to the extent inconsistent with the following terms and conditions, replace or modify the following terms and conditions for the purposes of such exempt notes. The applicable final terms (or, in the case of exempt notes, the applicable pricing supplement) (or the relevant provisions thereof) will be endorsed upon, or attached to, each global note and each definitive note.*

The notes are constituted by a deed or deeds supplemental to the note trust deed. The security for the notes is created pursuant to, and on the terms set out in, the 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 notes.

References herein to the **notes** shall, unless the context otherwise requires, be references to all the notes issued by the issuer and constituted by the note trust deed and shall mean:

(a) in relation to any 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 in exchange for a global note in the limited circumstances as described in Condition 1.1.

Notes constituted by the note trust deed are issued in series (each a **series**) and each series comprises one or more classes of notes. Each series of notes is subject to the applicable final terms (or, in the case of exempt notes, the applicable pricing supplement). The final terms (or, in the case of exempt notes, the pricing supplement) in relation to a series and class (or sub-class) of notes (or the relevant provisions thereof) will be endorsed upon, or attached to, such notes and will supplement these conditions in respect of such notes. References in this base prospectus to the **applicable final terms** are, in relation to a series and class (or sub-class) of notes, to the final terms (or the relevant provisions thereof) attached to, or endorsed on such notes. References in this base prospectus to the **applicable pricing supplement** are, in relation to a series and class (or sub-class) of exempt notes, to the pricing supplement (or the relevant provisions thereof) attached to, or endorsed on such exempt note.

Class Z GIC collateral notes and class Z variable funding notes may be issued together with other classes of notes of a series, but will not be linked to a particular series.

The statements in these conditions include summaries of, and are subject to, the detailed provisions of the note trust deed, the issuer deed of charge and the paying agent and agent bank agreement.

Copies of the note trust deed, the issuer deed of charge, the paying agent and agent bank agreement and each of the other transaction documents are available for inspection during normal business hours at the registered office of the issuer, being c/o Wilmington Trust SP Services (London) Limited, Third Floor, 1 King's Arms Yard, London, EC2R 7AF and the specified office for the time being of (a) the principal paying agent, being at Citigroup Centre, Canada Square, Canary Wharf, London E14 5LB and (b) the U.S. paying agent, being at 388 Greenwich Street New York, NY 10013. Copies of the final terms of

each series of notes are obtainable during normal business hours at the registered office of the issuer and the specified office for the time being of (i) the principal paying agent and (ii) the U.S. paying agent and any noteholder must produce evidence satisfactory to the relevant paying agent as to its holding of notes and identity.

The holders of any series and class (or sub-class) of 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 note trust deed, the issuer deed of charge, the paying agent and agent bank agreement, each of the other 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 notes.

A glossary of definitions appears in Condition 18 of these conditions.

References herein to the class A noteholders, the class B noteholders, the class M noteholders, the class C noteholders, the class D noteholders and the class Z noteholders shall, in each case and unless specified otherwise, be references to the holders of the notes of all series of the applicable class.

References herein to the class A notes, the class B notes, the class M notes, the class C notes, the class D notes or the class Z notes shall, in each case and unless specified otherwise, be references to the notes of all series of the applicable class.

1. FORM, DENOMINATION, REGISTER, TITLE AND TRANSFERS

1.1. Form and denomination

Each series and class (or sub-class) of notes will be issued in the specified currency and in the specified denomination. Each series and class (or sub-class) of Rule 144A notes will be initially represented by one or more Rule 144A 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 Rule 144A notes. Each series and class (or sub-class) of Reg S notes will be initially represented by one or more Reg S 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 the Reg S notes.

Each Reg S global note will be deposited with, and registered in the name of a nominee of, a common depositary or common safekeeper, as the case may be, for Euroclear and Clearstream, Luxembourg, as specified in the applicable final terms (or, in the case of exempt notes, the applicable pricing supplement). Each Rule 144A global note will either (i) be deposited with a custodian for, and registered in the name of a nominee for DTC (or as may be requested by an authorised representative of DTC) or (ii) be deposited with, and registered in the name of a nominee of, a common depositary or common safekeeper, as the case may be, for Euroclear and Clearstream, Luxembourg, as specified in the applicable final terms (or, in the case of exempt notes, the applicable pricing supplement). Each global note will be numbered serially with an identifying number which will be recorded on the relevant global note and in the register.

For so long as DTC or its nominee is the registered owner or holder of a global note, DTC or such nominee, as the case may be, will be considered the sole owner or holder of the notes represented by such global note for all purposes under the note trust deed and the paying agent and agent bank agreement and those notes except to the extent that in accordance with DTC's published rules and procedures any ownership rights may be exercised by its participants or beneficial owners through participants.

Notes which are represented by a global note will be transferable only in accordance with the rules and procedures for the time being of DTC, Euroclear and Clearstream, Luxembourg, as the case may be. References to DTC, Euroclear and/or Clearstream, Luxembourg shall,

whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system specified in the applicable final terms.

Each series and class (or sub-class) of notes may be fixed rate notes, floating rate notes, zero coupon notes, money market notes or a combination of any of the foregoing, depending upon the interest basis shown in the applicable final terms (or, in the case of exempt notes, the applicable pricing supplement).

Each series and class (or sub-class) of 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 (or, in the case of exempt notes, the applicable pricing supplement).

Global notes will be exchanged for notes in definitive 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 notes (in either global or definitive form) will be issued in such denominations as specified in the applicable final terms (or, in the case of exempt notes, the applicable pricing supplement), save that the minimum denomination of each 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 note will be issued in minimum denominations of $150,000 and in integral multiples of $1,000 in excess thereof, each euro denominated note will be issued in minimum denominations of €100,000 and in integral multiples of €1,000 in excess thereof, each sterling denominated note will be issued in minimum denominations of £100,000 and in integral multiples of £1,000 in excess thereof and the minimum denomination of each note denominated in a currency other than euro shall be an amount equivalent in that currency to at least €100,000. Notwithstanding the above, each Rule 144A note denominated in sterling with a maturity of less than one year may not be issued in a minimum denomination of less than £100,000.

In the case of a series and class (or sub-class) of notes with more than one specified denomination, notes of one specified denomination may not be exchanged for notes of such series and class (or sub-class) of another specified denomination.

The class Z GIC collateral notes and the class Z variable funding notes will on the date of issue be issued with a principal amount outstanding of at least £10,000,000.

1.2. Register

The registrar will maintain the register in respect of the notes in accordance with the provisions of the paying agent and agent bank agreement. In these conditions, the **holder** of a note means the person in whose name such note is for the time being registered in the register (or, in the case of a joint holding, the first named thereof). A note will be issued to each noteholder in respect of its registered holding. Each note will be numbered serially with an identifying number which will be recorded in the register.

1.3. Title

The holder of each note shall (to the fullest extent permitted by applicable law) be treated by the issuer, the note trustee, the issuer security trustee the agent bank and any other 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 notes shall pass by and upon registration in the register. Subject as provided otherwise in this Condition 1.4, a note may be transferred upon surrender of the relevant note, with the endorsed form of transfer certificate (a **transfer certificate**) 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 note may only be transferred in the minimum denominations specified in the applicable final terms (or, in the case of exempt notes, the applicable pricing supplement). Where not all the notes represented by the surrendered note are the subject of the transfer, a new note in respect of the principal amount outstanding of the notes will be issued to the transferor.

Within five business days of such surrender of a note, the registrar will register the transfer in question and deliver a new note of a like principal amount to the note transferred to the 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 note will be effected without charge by the registrar, but subject to payment of (or the giving of such indemnity as the registrar may require for) any tax or other governmental charges which may be imposed in relation to it.

Noteholders may not require transfers of 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 notes.

All transfers of notes and entries on the register are subject to the detailed regulations concerning the transfer of notes scheduled to the paying agent and agent bank agreement. The regulations may be changed by the 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.

The notes are not issuable in bearer form.

Transfers of beneficial interests in global notes will be effected by DTC, Euroclear or Clearstream, Luxembourg, as the case may be, and, in turn, by other participants and, if appropriate, indirect participants in such clearing systems acting on behalf of transferors and transferees of such interests. A beneficial interest in a global note will, subject to compliance with all applicable legal and regulatory restrictions, be transferable for notes in definitive form or for a beneficial interest in another global note of the same series only in the authorised denominations set out in the applicable final terms and only in accordance with the rules and operating procedures for the time being of DTC, Euroclear or Clearstream, Luxembourg, as the case may be, and in accordance with the terms and conditions specified in the notes trust deed and the paying agent and agent bank agreement. Transfers of a global note registered in the name of a nominee for DTC shall be limited to transfers of such global note, in whole but not in part, to another nominee of DTC or to a successor of DTC or such successor's nominee.

(b) Prior to 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:

(i) upon receipt by the registrar of a duly completed transfer certificate from the transferor of the note or beneficial interest therein to the effect that such transfer is being made to a person whom the transferor reasonably believes is a QIB that is also a QP in a transaction meeting the requirements of Rule 144A; or

(ii) otherwise pursuant to the Securities Act or an exemption therefrom, subject to receipt by the issuer of such satisfactory evidence as the issuer may reasonably require, which may include an opinion of U.S. counsel, that such transfer is in compliance with any applicable securities laws of any state of the United States,

and, in each case, in accordance with any applicable securities laws of any state of the United States or any other jurisdiction. In the case of (i) above, such transferee may take delivery through a Rule 144A note. After expiry of the applicable distribution compliance period (i) beneficial interests in Reg S notes registered in the name of a nominee for DTC may be held through DTC directly, by a participant in DTC, or indirectly through a participant in DTC and (ii) such certification requirements will no longer apply to such transfers.

(c) Transfers of Rule 144A notes or beneficial interests therein may be made:

(i) to a transferee who takes delivery of such interest through a Reg S note, upon receipt by the registrar of a duly completed transfer certificate from the transferor to the effect that such transfer is being made in accordance with Regulation S and that, in the case of a Reg S note registered in the name of a nominee for DTC, if such transfer is being made prior to expiry of the applicable distribution compliance period, the interests in the notes being transferred will be held immediately thereafter through Euroclear and/or Clearstream, Luxembourg; or

(ii) to a transferee who takes delivery of such interest through a Rule 144A note where the transferee is a person whom the transferor reasonably believes is a QIB that is also a QP in a transaction meeting the requirements of Rule 144A, without certification; or

(iii) otherwise pursuant to the Securities Act or an exemption therefrom, subject to receipt by the issuer of such satisfactory evidence as the issuer may reasonably require, which may include an opinion of U.S. counsel, that such transfer is in compliance with any applicable securities laws of any state of the United States,

and, in each case, in accordance with any applicable securities laws of any state of the United States or any other jurisdiction. Upon the transfer, exchange or replacement of Rule 144A notes, or upon specific request for removal of the legend thereon, the registrar shall deliver only Rule 144A notes or refuse to remove the legend, as the case may be, unless there is delivered to the issuer such satisfactory evidence as may reasonably be required by the issuer, which may include an opinion of U.S. counsel, that neither the legend nor the restrictions on transfer set forth therein are required to ensure compliance with the provisions of the Securities Act.

2. STATUS, PRIORITY AND SECURITY

2.1. Status

The notes of each series and class (or sub-class) are direct, secured and unconditional obligations of the issuer and will at all times rank *pari passu* and *pro rata* without preference or priority amongst themselves.

Subject to the provisions of Conditions 4 and 4.6 and subject to the relevant issuer priority of payments and the other payment conditions set out in the applicable final terms (or, in the case of exempt notes, the applicable pricing supplement) and the other 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, the class D 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, the class D 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, the class D 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 D notes and the class Z notes of any series;

(e) the class D notes of each series will rank *pari passu* without any preference or priority among themselves and with the class D notes of each other series but in priority to the class Z notes of any series; and

(f) 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.

2.2. Conflict between the classes of notes

The note 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, the class D 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 transaction documents (except where expressly provided otherwise), but requiring the note trustee to have regard (except as expressly provided otherwise):

(a) for so long as there are any class A notes outstanding (of any series), 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 (i) the interests of the class A noteholders and (ii) 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 D noteholders and/or the interests of the class Z noteholders (of that series or of any other series);

(b) subject to (a) above and for so long as there are any class B notes outstanding (of any series), 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 (i) the interests of the class B noteholders

and (ii) the interest of the class M noteholders and/or the interests of the class C noteholders and/or the interests of the class D noteholders and/or the interests of the class Z noteholders (of that series or of any other series);

(c) subject to (a) and (b) above and for so long as there are any class M notes outstanding (of any series), 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 (i) the interests of the class M noteholders and (ii) the interests of the class C noteholders and/or the interests of the class D noteholders and/or the interests of the class Z noteholders (of that series or of any other series); and

(d) subject to (a), (b) and (c) and for so long as there are any class C notes outstanding (of any series), 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 (i) the interests of the class C noteholders and (ii) the interests of the class D noteholders and/or the interests of the class Z noteholders (of that series or of any other series).

(e) subject to (a), (b), (c) and (d) above and for so long as there are any class D notes outstanding (of any series), only to the interests of the class D noteholders if, in the opinion of the note trustee, there is or may be a conflict between (i) the interests of the class D noteholders and (ii) the interests of the class Z noteholders (of that series or of any other series).

The note trust deed also contains provisions:

(i) limiting the powers of the class B noteholders, the class M noteholders, the class C noteholders, the class D 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 11, the note 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, the class D noteholders and the class Z noteholders respectively, irrespective of the effect thereof on their respective interests;

(ii) limiting the powers of the class M noteholders, the class C noteholders, the class D 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 11, the note 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, the class D noteholders and the class Z noteholders, respectively, irrespective of the effect thereof on their respective interests;

(iii) limiting the powers of the class C noteholders, the class D 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 11, the note 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, the class D noteholders and the class Z noteholders, respectively, irrespective of the effect thereof on their respective interests;

(iv) limiting the powers of the class D noteholders and 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 11, the note trust deed contains no such limitation on the powers of the class C noteholders, the exercise of which will be binding on the class D noteholders and the class Z noteholders irrespective of the effect thereof on their respective interests; and

(v) 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 D noteholders (of that series or of any other series). Except in certain circumstances described above and in Condition 11, the note trust deed contains no such limitation on the powers of the class D noteholders, the exercise of which will be binding on the class Z noteholders irrespective of the effect thereof on their respective interests

The note trustee shall 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 transaction documents, without further investigation or inquiry, that such exercise will not be materially prejudicial to the interests of the noteholders (or any series and class (or sub-class)), if S&P rating the relevant series and class (or sub-class) has confirmed in writing that the then current ratings of the applicable series and class (or sub-class) of rated notes would not be reduced, withdrawn or qualified by such exercise (and advance notice in writing of such exercise has been provided to Moody's and Fitch and there being no reduction, qualification or withdrawal by Moody's or Fitch of the then current ratings of the rated notes as a consequence thereof) (provided that such confirmation from S&P shall not be required to the extent such rating agency does not maintain a rating of any notes which are outstanding) other than in the case of a modification, waiver, determination or authorisation that relates to an amendment of a maturity purchase deed or Condition 5.8. Where a modification, waiver, determination or authorisation relates to an amendment of a maturity purchase deed or Condition 5.8, the note trustee may agree to such modification or make such determination in accordance with Condition 11.5(a) to (e) inclusive.

2.3. Security

As security for, *inter alia*, the payment of all monies payable in respect of the notes, the issuer has entered into the issuer deed of charge creating the issuer security in favour of the issuer security trustee for itself and on trust for, *inter alios*, the note trustee and the noteholders.

3. COVENANTS

Save with the prior written consent of the note trustee or unless provided in or contemplated under these conditions or any of the transaction documents to which the issuer is a party, the issuer shall not, so long as any note remains outstanding:

3.1. 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;

3.2. 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;

3.3. Equitable interest

permit any person other than itself and the issuer security trustee (as to itself and on behalf of the 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;

3.4. Bank accounts

have an interest in any bank account, other than the issuer bank accounts, except in connection with the issue of a series where such bank account is immediately charged in favour of the issuer security trustee pursuant to the issuer deed of charge;

3.5. 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 notes and the related activities described therein or as contemplated in the transaction documents relating to the issue of the notes;

3.6. Borrowings

incur any indebtedness in respect of borrowed money whatsoever or give any guarantee or indemnity in respect of any indebtedness or obligation of any person, except where the same is incurred or given or the issuer becomes so obligated in connection with the issue of a series;

3.7. Merger

consolidate or merge with any other person or convey or transfer substantially all of its properties or assets to any other person;

3.8. Waiver or consent

permit the validity or effectiveness of any of the note trust deed or the 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 issuer security to be released from such obligations;

3.9. Employees or premises

have any employees or premises or subsidiaries;

3.10. Dividends and distributions

pay any dividend or make any other distribution to its shareholders or issue any further shares or alter any rights attaching to its shares as at the date of the issuer deed of charge;

3.11. Purchase notes

purchase or otherwise acquire any note or notes; or

3.12. 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.

4. INTEREST

4.1. Interest on fixed rate notes

Each fixed rate 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 in the applicable final terms (or, in the case of exempt notes, the applicable pricing supplement) up to (and including) the final maturity date.

Except as provided in the applicable final terms (or, in the case of exempt notes, the applicable pricing supplement), the amount of interest payable in respect of any fixed rate 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 (or, in the case of exempt notes, the applicable pricing supplement), 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 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 (or, in the case of exempt notes, the applicable pricing supplement) to the principal amount outstanding on such note, multiplying such sum by the applicable day count fraction, and rounding the resultant figure to the nearest sub-unit of the relevant specified currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention.

day count fraction means, in respect of the calculation of an amount of interest for any fixed rate note in accordance with this Condition 4.1:

(a) if "actual/actual (ICMA)" is specified for such note in the applicable final terms (or, in the case of exempt notes, the applicable pricing supplement):

(i) in the case of 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 (or, in the case of exempt notes, the applicable pricing supplement)) that would occur in one calendar year; or

(ii) in the case of 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

(b) if "30/360" is specified for such note in the applicable final terms (or, in the case of exempt notes, the applicable pricing supplement), the number of days in the period from (and including) the most recent interest payment date for such note (or, if none, the interest commencement date) to (but excluding) the relevant interest payment date (such number of days being calculated on the basis of a year of 360 days with twelve 30-day months) divided by 360.

As used in these conditions, **determination period** means each period from and including a determination date (as defined in the applicable final terms (or, in the case of exempt notes, the applicable pricing supplement)) 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).

4.2. Interest on floating rate notes

(a) Interest payment dates

Each floating rate 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 in the applicable final terms (or, in the case of exempt notes, the applicable pricing supplement). 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.

If a business day convention is specified for a floating rate note in the applicable final terms (or, in the case of exempt notes, the applicable pricing supplement) 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 4.2(a) above, the **floating rate convention**, the interest payment date for such note (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 bought 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 in 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**, the interest payment date for such note 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.

(b) In these conditions, **business day** means, in respect of a series or class (or sub-class) of notes, a day that is a London business day and any other 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 any additional business centre specified in the final terms (or, in the case of exempt notes, the applicable pricing supplement) for any series or class (or sub-class) of notes.

(c) Rate of interest

The rate of interest payable from time to time in respect of a floating rate note will be determined in the manner specified for such note in the applicable final terms (or, in the case of exempt notes, the applicable pricing supplement).

(i) ISDA determination for floating rate notes

Where "ISDA determination" is specified for such note in the applicable final terms (or, in the case of exempt notes, the applicable pricing supplement) as the manner in which the rate of interest is to be determined, the rate of interest for each interest period will be the relevant ISDA rate plus or minus (as indicated for such note in the applicable final terms (or, in the case of exempt notes, the applicable pricing supplement)) the margin (if any). For the purposes of this subparagraph (i), **ISDA rate** for an interest period means a rate equal to the floating rate that would be determined by the agent bank or other person specified in a drawdown prospectus or supplementary prospectus under an interest rate swap transaction if the agent bank or that other person were acting as calculation agent for that swap transaction under the terms of an agreement incorporating the ISDA definitions and under which:

(A) the floating rate option is as specified for such note in the applicable final terms (or, in the case of exempt notes, the applicable pricing supplement);

(B) the designated maturity is the period specified for such note in the applicable final terms (or, in the case of exempt notes, the applicable pricing supplement); and

(C) the relevant reset date is specified in the applicable final terms; and

(D) if the applicable floating rate option is based on the Euro-zone interbank offered rate for a currency, the first day of that interest period,

provided that, if no rate of interest can be determined in accordance with the foregoing provisions of this paragraph, the rate of interest shall be (1) if the principal paying agent is instructed to do so by the issuer or Funding 1 (though applying the margin, maximum rate of interest and/or minimum rate of interest, if any, applicable to the relevant interest period), failing which (2) the rate of interest determined as at the last preceding interest determination date on which the rate of interest was so determined (though substituting, where a different margin, maximum rate of interest and/or minimum rate of interest is/are to be applied to the relevant interest period from that which applied to the last preceding interest period, the margin, maximum rate of interest and/or minimum rate of interest (as applicable) relating to the relevant interest period, in place of the margin, maximum rate of interest and/or minimum rate of interest (as applicable) relating to that last preceding interest period) or, if there is no such preceding interest determination date, the initial rate of interest applicable to such notes on the interest commencement date (though substituting, where a different margin, maximum rate of interest and/or minimum rate of interest is/are to be applied to the relevant interest period from that which applied to the last preceding interest period, the margin, maximum rate of interest and/or minimum rate of interest (as applicable) relating to the relevant interest period, in place of the margin, maximum rate of interest and/or minimum rate of interest (as applicable) relating to that last preceding interest period).

For the purposes of this paragraph (i), **floating rate**, **calculation agent**, **floating rate option**, **designated maturity** and **reset date** have the meanings given to those terms in the ISDA Definitions.

(ii) Screen rate determination – overnight rate for floating rate notes

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" 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 fifth decimal place, with 0.000005 being rounded upwards:

$$\left[\prod_{i=1}^{d_o}\left(1+\frac{SONIA_i \times n_i}{\mathrm{D}}\right)-1\right]\times\frac{\mathrm{D}}{d}$$

where:

d means the number of calendar days in (where in the applicable final terms "lag" is specified as the observation method) the relevant interest period or

(where in the applicable final terms "shift" is specified as the observation method) the relevant SONIA observation period;

D is the number specified as such in the applicable final terms (or, if no such number is specified, 365);

d_o means (where in the applicable final terms "lag" is specified as the observation method) for any interest period, the number of London banking days in the relevant interest period or (where in the applicable final terms "shift" is specified as the observation method) for any SONIA observation period, the number of London banking days in the relevant SONIA observation period;

i means a series of whole numbers from 1 to d_0, each representing the relevant London banking day in chronological order from, and including, the first london banking day (where in the applicable final terms "lag" is specified as the observation method) in the relevant interest period or (where in the applicable final terms "shift" is specified as the observation method) the SONIA observation period;

London banking day or ***LBD*** means any day on which commercial banks are open for general business (including dealing in foreign exchange and foreign currency deposits) in London;

n_i, for any day *i*, means the number of calendar days from and including such day *i* up to but excluding the following London banking day;

p means the number of London banking days included in the **observation look-back period** specified in the applicable final terms (or, if no such number is so specified, five London banking days);

SONIA reference rate, in respect of any London banking day, is a reference rate equal to the daily Sterling Overnight Index Average (**SONIA**) rate for such London banking day as provided by the administrator of SONIA to authorised distributors and as then published on the relevant screen page or, if the relevant screen page is unavailable, as otherwise published by such authorised distributors (on the London banking day immediately following such London banking day);

$SONIA_i$ means the SONIA reference rate for:

(a) where in the applicable final terms "lag" is specified as the observation method, the London banking day falling *p* London banking days prior to the relevant London banking day *i*;

(b) where in the applicable final terms "shift" is specified as the observation method, the relevant London banking day *i*; and

SONIA observation period means the period from (and including) the date falling *p* London banking days prior to the first day of the relevant interest period (and the first interest period shall begin on and include the interest commencement date) and ending on (but excluding) the date falling *p* London banking days prior to the interest payment date for such interest period (or the

date falling *p* London banking days prior to such earlier date, if any, on which the notes become due and payable).

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" 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) by reference to the screen rate or index for compounded daily SONIA rates administered by the administrator of the SONIA reference rate that is published or displayed by such administrator or other information service from time to time on the relevant interest determination date, as further specified in the applicable final terms (the "**SONIA compounded index**"); or (iii) and 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:

$$\text{compounded daily SONIA rate} = \left(\frac{SONIA\ Compounded\ Index_{End}}{SONIA\ Compounded\ Index_{Start}} - 1\right) x \frac{365}{d}$$

where:

d means the number of calendar days from (and including) the day in relation to which SONIA compounded $\text{index}_{\text{start}}$ is determined to (but excluding) the day in relation to which SONIA compounded $\text{index}_{\text{end}}$ is determined;

London banking day means any day on which commercial banks are open for general business (including dealing in foreign exchange and foreign currency deposits) in London;

relevant number means the number specified as such in the applicable final terms (or, if no such number is specified, five);

SONIA compounded index$_{start}$ means, with respect to an interest period, the SONIA compounded index determined in relation to the day falling the relevant number of London banking days prior to the first day of such interest period; and

SONIA compounded index$_{end}$ means, with respect to an interest period, the SONIA compounded index determined in relation to the day falling the relevant number of London banking 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 the relevant SONIA compounded index is not published or displayed by the administrator of the SONIA reference rate or other information service 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 administrator of the SONIA reference rate or of such other information service, as the case may be) on the relevant interest determination date, the compounded daily SONIA rate for the applicable interest period for which the SONIA compounded 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 the relevant number of London banking days, as if those alternative elections had been made in the applicable final terms.

Average SONIA

Where **screen rate determination** and **overnight rate** are specified as "applicable", **the reference rate** is specified as being "average SONIA", and **index determination** is specified as "not applicable" 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 average 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).

average SONIA, in relation to any interest period, means the arithmetic mean of the amounts calculated in accordance with the formula below in effect during such interest period 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 as follows, and the resulting percentage will be rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards:

$$\left[\frac{\sum_{i=1}^{d_o} \boldsymbol{SONIA_i} \times \boldsymbol{n}}{\boldsymbol{d}}\right]$$

where:

> ***d***, ***d_0***, ***i***, ***London banking day, p*** and ***SONIA reference rate*** have the meanings set out under the section entitled *Compounded Daily SONIA* (*Non-Index Determination)* above;
>
> ***n***, for any London banking day, means the number of calendar days from and including, such London banking day up to but excluding the following London banking day; and
>
> ***$SONIA_i$*** means, for any London banking day *i*:
>
> (a) where in the applicable final terms "lag" is specified as the observation method, (save as specified in the applicable final terms) the SONIA reference rate in respect of the London banking day falling *p* London banking days prior to such day; or

(b) where in the applicable final terms "shift" is specified as the observation method, (save as specified in the applicable final terms) the SONIA reference rate on the London banking day *i*.

SONIA fallback provisions

If, in respect of any London banking day in the relevant SONIA observation period, or the relevant interest period (as the case may be), the SONIA reference rate is not available on the relevant screen page or has not otherwise been published by the relevant authorised distributors, such SONIA reference rate shall be: (i) the Bank of England's Bank Rate (the **bank rate**) prevailing at close of business on the relevant London banking day; plus (ii) the mean of the spread of the SONIA rate to the bank rate over the previous five days on which a SONIA 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 rate is to be determined or (ii) any rate that is to replace the SONIA 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 issuer and to the extent that it is reasonably practicable, follow such guidance in order to determine $SONIA_i$ for the purpose of the notes for so long as the SONIA rate is not available or has not been published by the authorised distributors.

In the event that the Rate of Interest cannot be determined in accordance with the foregoing provisions, the rate of interest shall be determined (i) 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 floating rate notes on the interest commencement date had the floating rate notes been issued one calendar month prior to the issue date.

If the floating rate notes become due and payable in accordance with conditions 10 (*Events of Default*) or 11 (*Enforcement of Master Issuer Notes*), 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 the floating rate notes became due and payable and the rate of interest on the floating rate notes shall, for so long as any floating rate notes remain outstanding, be that determined on such date.

SOFR

Definitions

business day has the meaning set forth in condition 4.2(a) and, if (i) the relevant final terms specify that the reference rate is "compounded daily SOFR" and (ii) a SOFR index cessation date has not occurred, a US government securities business day.

OBFR means, on an interest payment date, the Overnight Bank Funding Rate that appears on the Federal Reserve's website at 5:00 p.m. (New York time) for trades made on the related interest determination date.

obfr index cessation date means, following the occurrence of an OBFR index cessation event, the date on which the Federal Reserve Bank of New York (or any successor administrator of the Overnight Bank Funding Rate), ceases to publish the Overnight Bank Funding Rate, or the date as of which the Overnight Bank Funding Rate may no longer be used, in each case as certified in writing by the issuer to the principal paying agent (or such other party responsible for the calculation of the rate of interest, as specified in the applicable final terms).

OBFR index cessation event means the occurrence of one or more of the following events:

(i) a public statement by the Federal Reserve Bank of New York (or a successor administrator of the Overnight Bank Funding Rate) announcing that it has ceased or will cease to publish or provide the Overnight Bank Funding Rate permanently or indefinitely, provided that, at that time, there is no successor administrator that will continue to publish or provide the Overnight Bank Funding Rate;

(ii) the publication of information which reasonably confirms that the Federal Reserve Bank of New York (or a successor administrator of the Overnight Bank Funding Rate) has ceased or will cease to provide the Overnight Bank Funding Rate permanently or indefinitely, provided that, at that time, there is no successor administrator that will continue to publish or provide the Overnight Bank Funding Rate; or

(iii) a public statement by a regulator or other official sector entity prohibiting the use of the Overnight Bank Funding Rate that applies to, but need not be limited to, fixed income securities and derivatives, to the extent that such public statement has been acknowledged in writing by ISDA as an "OBFR index cessation event" under the 2006 ISDA Definitions as published by ISDA.

SOFR means, with respect to any US government securities business day, the rate determined in accordance with the following provisions:

(i) the Secured Overnight Financing Rate that appears on the Federal Reserve's website at 3:00 p.m. (New York time) on the immediately following US government securities business day;

(ii) if the rate specified in paragraph (i) above does not so appear, and a SOFR index cessation event has not occurred, 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 Secured Overnight Financing Rate published on the Federal Reserve's website for the first preceding US government securities business day on which the Secured Overnight Financing Rate was published on the Federal Reserve's website;

(iii) if a SOFR index cessation date has occurred, 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 calculate SOFR as if references to SOFR were references to the rate that was recommended as (and notified by the issuer to the principal paying agent (or such other party responsible for the calculation of the

rate of interest, as specified in the applicable final terms) being the replacement for the Secured Overnight Financing Rate by the Federal Reserve Board and/or the Federal Reserve Bank of New York or a committee officially endorsed or convened by the Federal Reserve Board and/or the Federal Reserve Bank of New York for the purpose of recommending a replacement for the Secured Overnight Financing Rate (which rate may be produced by a Federal Reserve Bank or other designated administrator, and which rate may include any adjustments or spreads). If no such rate has been recommended within one US government securities business day of the SOFR index cessation date, 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 OBFR published on the Federal Reserve's website for any interest payment date after the SOFR Index cessation date; and

(iv) if the principal paying agent (or such other party responsible for the calculation of the rate of interest, as specified in the applicable final terms) is required to use OBFR in paragraph (c) above and an OBFR index cessation date has occurred, then for any interest payment date after such OBFR index cessation date, 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 short-term interest rate target set by the Federal Open Market Committee and published on the Federal Reserve's website, or if the Federal Open Market Committee does not target a single rate, the mid-point of the short-term interest rate target range set by the Federal Open Market Committee and published on the Federal Reserve's website (calculated as the arithmetic average of the upper bound of the target range and the lower bound of the target range).

SOFR index cessation date means, following the occurrence of a SOFR index cessation event, the date on which the Federal Reserve Bank of New York (or any successor administrator of the Secured Overnight Financing Rate), ceases to publish the Secured Overnight Financing Rate, or the date as of which the Secured Overnight Financing Rate may no longer be used, in each case as certified in writing by the issuer to the principal paying agent (or such other party responsible for the calculation of the rate of interest, as specified in the applicable final terms).

SOFR index cessation event means the occurrence of one or more of the following events:

(i) a public statement by the Federal Reserve Bank of New York (or a successor administrator of the Secured Overnight Financing Rate) announcing that it has ceased or will cease to publish or provide the Secured Overnight Financing Rate permanently or indefinitely, provided that, at that time, there is no successor administrator that will continue to publish or provide the Secured Overnight Financing Rate;

(ii) the publication of information which reasonably confirms that the Federal Reserve Bank of New York (or a successor administrator of the Secured Overnight Financing Rate) has ceased or will cease to provide the Secured Overnight Financing Rate permanently or indefinitely, provided that, at that time, there is no successor administrator that will continue to publish or provide the Secured Overnight Financing Rate; or

(iii) a public statement by a regulator or other official sector entity prohibiting the use of the Secured Overnight Financing Rate that applies to, but need not be limited

to, fixed income securities and derivatives, to the extent that such public statement has been acknowledged in writing by ISDA as a "SOFR index cessation event" under the 2006 ISDA definitions as published by ISDA.

SOFR reset date means each US government securities business day in the relevant interest period, other than any US government securities business day during the period from (and including) the day following the relevant interest determination date to (but excluding) the corresponding interest payment date.

US 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 US government securities.

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" in the applicable final terms, the following provisions shall apply and the rate of interest for each interest period, subject as provided below, will be compounded daily SOFR plus the margin.

compounded daily SOFR means the rate of return of a daily compound interest investment (with the 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 as follows, and the resulting percentage will be rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards:

$$\left[\prod_{i=1}^{d_o}\left(1+\frac{SOFR_{\mathrm{i}} \times \mathrm{n_i}}{\mathrm{D}}\right)-1\right]\times\frac{\mathrm{D}}{d}$$

where:

d means the number of calendar days in (where in the applicable final terms "lag" or "lock-out" is specified as the observation method) the relevant interest period or (where in the applicable final terms "shift" is specified as the observation method) the relevant SOFR observation period;

D is the number specified as such in the applicable Final Terms (or, if no such number is specified, 360);

$\mathbf{d_0}$ means (where in the applicable final terms "lag" or "lock-out" is specified as the observation method) for any interest period, the number of US government securities business days in the relevant interest period or (where in the applicable final terms "shift" is specified as the observation method) for any SOFR observation period, the number of US government securities business days in the relevant SOFR observation period;

i means a series of whole numbers from 1 to d_0, each representing the relevant US government securities business days in chronological order from, and

including, the first US government securities business day in (where in the applicable final terms "lag" or "lock-out" is specified as the observation method) the relevant interest period or (where in the applicable final terms "shift" is specified as the observation method) the relevant SOFR observation period;

n_i, for any US government securities business day i in (where in the applicable final terms "lag" or "lock-out" is specified as the observation method) the relevant interest period or (where in the applicable final terms "shift" is specified as the observation method) the relevant SOFR observation period, means the number of calendar days from and including such US government securities business day up to but excluding the following US government securities business day;

p means the number of US government securities business days included in the **observation look-back period** specified in the applicable final terms or, if no such number is specified:

(a) five US government securities business days where in the applicable final terms "lag" or "shift" is specified as the observation method; or

(b) zero US government securities business days where in the applicable final terms "lock-out" is specified as the observation method;

SOFR$_i$ means the SOFR for:

(a) where in the applicable final terms "lag" is specified as the observation method, the US government securities business day falling *p* US government securities business days prior to the relevant US government securities business day *i*;

(b) where in the applicable final terms "lock-out" is specified as the observation method:

(i) in respect of any US government securities business day *i* that is a SOFR reset date, the SOFR in respect of the US government securities business day immediately preceding such SOFR reset date; or

(ii) in respect of any US government securities business day *i* that is not a SOFR reset date, the SOFR in respect of the US government securities business day immediately preceding the last SOFR reset date of the relevant interest period; or

(c) where in the applicable final terms "shift" is specified as the observation method, the relevant US government securities business day *i*; and

SOFR observation period means in respect of each interest period, the period from and including the date falling p US government securities business days preceding the first date in such interest period to but excluding the date p US government securities business days preceding the interest payment date for such interest period.

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" in the applicable final terms, the following provisions shall apply and the rate of interest for each interest period, subject as provided below, will be compounded daily SOFR plus the margin.

compounded daily SOFR means the rate of return of a daily compound interest investment (with the 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 as follows, and the resulting percentage will be rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards:

$$\left(\frac{SOFRIndex_{End}}{SOFRIndex_{Start}} - 1\right) \times \frac{360}{d_c}$$

where:

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;

relevant number means the number specified as such in the applicable final terms (or, if no such number is specified, five);

SOFR Index, with respect to any U.S. government securities business day, means the SOFR index value as published by the SOFR administrator as such index appears on the Federal Reserve's website at or around 3.00 p.m. (New York time) on such U.S. government securities business day (the **SOFR determination time**);

SOFR $\boldsymbol{Index_{Start}}$, with respect to an interest period, means the SOFR index value for the day which is the relevant number of U.S. government securities business days preceding the first day of such interest period; and

SOFR $\boldsymbol{Index_{End}}$, with respect to an interest period, means the SOFR index value for the day which is the relevant number of U.S. government securities business days preceding (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 SOFR determination time, the relevant SOFR index is not published or displayed on the Federal Reserve's website by the SOFR administrator, 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 the relevant number of US government securities business days, as if such alternative elections had been made in the applicable final terms.

Average SOFR

where **screen rate determination** and **overnight rate** are specified as "applicable", the reference rate is specified as being "average sofr", and **index determination** is specified as "not applicable" 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 average 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).

average SOFR, in relation to any interest period, means the arithmetic mean of $SOFR_i$ in effect during such interest period 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 as follows, and the resulting percentage will be rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards:

$$\left[\frac{\sum_{i=1}^{d_o} SOFR_{i-pUSBD} \times n_i}{d}\right] \times \frac{360}{d}$$

where **d**, **d_0**, **i**, **n_i**, **p** and **$SOFR_{i\text{-}pUSBD}$** have the meanings set out under the section entitled *Compounded Daily SOFR (Non-Index Determination)* above.

€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" 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:

$$\left[\prod_{i=1}^{d_o}\left(1 + \frac{€\text{STR}_i \times n_i}{\text{D}}\right) - 1\right] \times \frac{\text{D}}{d}$$

where:

€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 as provided by the European Central Bank as the administrator of €STR (or any successor administrator of such rate) on the website of the European Central Bank (or, if no longer published on its website, as otherwise published by it or provided by it to authorised distributors and as then published on the relevant screen page or, if the relevant screen page is unavailable, as otherwise published by such authorised distributors) on the 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 European Central Bank or the successor administrator of such rate);

€STR$_i$ means the €STR reference rate for:

(a) where in the applicable final terms "lag" is specified as the observation method, the TARGET Business Day falling *p* TARGET Business Days prior to the relevant TARGET Business Day *i*; or

(b) where in the applicable final terms "shift" is specified as the observation method, the relevant TARGET Business Day *i*;

€STR observation period means 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) and ending on, 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 notes become due and payable);

d means the number of calendar days in (where in the applicable final terms "lag" is specified as the observation method) the relevant interest period or (where in the applicable final terms "shift" is specified as the observation method) the relevant €STR observation period;

D is the number specified as such in the applicable final terms (or, if no such number is specified, 360);

d_o means (where in the applicable final terms "lag" is specified as the observation method) for any interest period, the number of TARGET Business Days in the relevant interest period or (where in the applicable final terms "shift" is specified as the observation method) for any €STR observation period, the number of TARGET Business Days in the relevant €STR observation period;

i means a series of whole numbers from 1 to d_0, each representing the relevant TARGET Business Day in chronological order from, and including, the first TARGET Business Day (where in the applicable final terms "lag" is specified as the observation method) in the relevant interest period or (where in the applicable final terms "shift" is specified as the observation method) the €STR observation period;

n_i, for any day *i*, means the number of calendar days from and including such day *i* up 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 (or, if no such number is specified, five TARGET Business Days); and

TARGET Business Day means any day on which the TARGET2 system is open.

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 relevant screen page or has not otherwise been published by the relevant authorised distributors, 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 by the European Central Bank on its website, 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).

Average €STR

Where **screen rate determination** and **overnight rate** are specified as "applicable", **the reference rate** is specified as being "average €STR", and **index determination** is specified as "not applicable" 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 average €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).

average €STR, in relation to any interest period, means the arithmetic mean of the amounts calculated in accordance with the formula below in effect during such interest period 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 as follows, and the resulting percentage will be rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards:

$$\left[\frac{\sum_{i=1}^{d_o} \text{€}\mathbf{STR}_i \times \boldsymbol{n}}{\boldsymbol{d}}\right]$$

where:

d, ***d_0***, ***i***, ***London banking day, p*** and ***€STR reference rate*** have the meanings set out under the section entitled *Compounded Daily €STR* (*Non-Index Determination)* above;

n, for any London banking day, means the number of calendar days from and including, such London banking day up to but excluding the following London banking day; and

$\text{€}STR_i$ means, for any London banking day *i*:

(a) where in the applicable final terms “lag” is specified as the observation

method, (save as specified in the applicable final terms) the €STR reference rate in respect of the London banking day falling *p* London banking days prior to such day; or

(b) where in the applicable final terms "shift" is specified as the observation method, (save as specified in the applicable final terms) the €STR reference rate on the London banking day *i*.

Notwithstanding the paragraph above, in the event the European Central Bank publishes guidance as to (i) how the €STR rate is to be determined or (ii) any rate that is to replace the €STR 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 issuer and to the extent that it is reasonably practicable, follow such guidance in order to determine €STRi for the purpose of the notes for so long as the €STR rate is not available or has not been published by the authorised distributors.

In the event that the rate of interest cannot be determined in accordance with the foregoing provisions, the rate of interest shall be determined (i) 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 floating rate notes on the interest commencement date had the floating rate notes been issued one calendar month prior to the issue date.

if the floating rate notes become due and payable in accordance with conditions 10 (*Events of Default*) or 11 (*Enforcement of Master Issuer Notes*), 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 the floating rate notes became due and payable and the rate of interest on the floating rate notes shall, for so long as any floating rate notes remain outstanding, be that determined on such date.

Other Reference Rates

where screen rate determination is specified as "applicable" in the applicable final terms and **term rate** is specified as "applicable" or the reference rate is specified as being a rate other than SONIA, SOFR or €STR in the applicable final terms, the following provisions shall apply the rate of interest for each interest period will, subject as provided below, be either:

(A) the offered quotation (if there is only one quotation on the relevant screen page); or

(B) the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) of the offered quotations,

(expressed as a percentage rate per annum) for the reference rate which appears or appear, as the case may be, on the relevant screen page as at 11.00 a.m. London 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), all as determined by

the principal paying agent. if five or more of such offered quotations are available on the relevant screen page, the highest (or, if there is more than one such highest quotation, one only of such quotations) and the lowest (or, if there is more than one such lowest quotation, one only of such quotations) shall be disregarded by the principal paying agent for the purpose of determining the arithmetic mean (rounded as provided above) of such offered quotations.

if the relevant screen page is not available or if, in the case of paragraph (A) above, no offered quotation appears or if, in the case of paragraph (B) above, fewer than three offered quotations appear, in each case as at 11.00 a.m. London time (or such other time as specified in the applicable final terms), the principal paying agent shall request each of the reference banks to provide the principal paying agent with its offered quotation (expressed as a percentage rate per annum) for the reference rate at approximately 11.00 a.m. London time (or such other time as specified in the applicable final terms) on the interest determination date in question. if two or more of the reference banks provide the principal paying agent with offered quotations, the rate of interest for the interest period shall be the arithmetic mean (rounded if necessary to the eighth decimal place, with 0.000000005 being rounded upwards) of the offered quotations plus or minus (as appropriate) the margin (if any), all as determined by the principal paying agent.

if on any interest determination date only one or none of the reference banks provides the principal paying agent with an offered quotation as provided in the preceding paragraph, the rate of interest for the relevant interest period shall be the rate per annum which the principal paying agent determines as being the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) of the rates, as communicated to (and at the request of) the principal paying agent by the reference banks or any two or more of them, at which such banks were offered, at approximately 11.00 a.m. London time (or such other time as specified in the applicable final terms) on the relevant interest determination date, deposits in the specified currency for a period equal to that which would have been used for the reference rate by leading banks in (in the case of EURIBOR) the Euro-zone inter-bank market (or such other place as specified in the applicable final terms) plus or minus (as appropriate) the margin (if any) or, if fewer than two of the reference banks provide the principal paying agent with offered rates, the offered rate for deposits in the specified currency for a period equal to that which would have been used for the reference rate, or the arithmetic mean (rounded as provided above) of the offered rates for deposits in the specified currency for a period equal to that which would have been used for the reference rate, at which, at approximately 11.00 a.m. London time (or such other time as specified in the applicable final terms) on the relevant interest determination date, any one or more banks (which bank or banks is or are in the opinion of the issuer suitable for the purpose) informs the principal paying agent it is quoting to leading banks in (in the case of EURIBOR) the Euro-zone inter-bank market (or such other time as specified in the applicable final terms plus or minus (as appropriate) the margin (if any), provided that, if the rate of interest cannot be determined in accordance with the foregoing provisions of this paragraph, the rate of interest shall be determined 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).

Effect of Benchmark Transition Event on any SOFR notes

Notwithstanding the provisions of Condition 11 (*Meetings of Noteholders, Modifications and Waiver*), 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 any consent or sanction of the noteholders, or any of the other secured creditors, to concur with the designated transaction representative, and to direct the security trustee to concur with the issuer or any other person and shall direct the security trustee to concur with the issuer and any other person, in making any modification (other than with respect to a series reserved matter, provided that neither replacing the then-current benchmark with the benchmark replacement nor any benchmark replacement conforming changes (each as defined below) shall constitute a series reserved matter) to these conditions or any of the transaction documents 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 any SOFR notes*" in relation only to all determinations of the rate of interest payable on any SOFR notes and any related swap agreements:

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 notes, the benchmark replacement will replace the then-current benchmark for all purposes relating to any SOFR 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 notes, the designated transaction representative will have the right to make benchmark replacement conforming changes with respect to any SOFR 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 on any SOFR 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 notes, will be conclusive and binding absent manifest error, may be made in the designated transaction representative's, and, notwithstanding anything to the contrary in the documentation relating to any SOFR notes, shall become effective without consent, sanction or absence of objection from any other party (including noteholders).

IV. Other than where specifically provided under this section titled "– *Effect of Benchmark Transition Event on any SOFR notes*" or any transaction document:

   a. when implementing any modification pursuant to this section titled "– *Effect of Benchmark Transition Event on any SOFR notes*", the note trustee shall not consider the interests of the noteholders, any other secured creditor or any other person and shall act and rely solely and without further investigation on any certificate or evidence provided to it by the issuer or the relevant transaction party, as the case may be, pursuant to this section titled "– *Effect of Benchmark Transition Event*

on any SOFR notes" and shall not be liable to the noteholders, any other secured creditor or any other person for so acting or relying, irrespective of whether any such modification is or may be materially prejudicial to the interests of any such person; and

b. the note trustee 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 is has not been indemnified and/or secured and/or pre-funded to its satisfaction or (ii) increasing the obligations or duties, or decreasing the rights or protection, of the note trustee in the transaction documents and/or these conditions.

V. Notwithstanding the definitions of business day, OBFR, OBFR index cessation date, OBFR index cessation event, SOFR, SOFR index cessation date, SOFR index cessation event, and US government securities business day set out above, the following definitions shall apply with respect to this section titled "– *Effect of Benchmark Transition Event on any SOFR 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 notes, as applicable, 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 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 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 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 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 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:

(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 any SOFR 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 look-back 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 US 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 notes and a particular obligation to be performed in connection with the transition to a benchmark replacement, the issuer.

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 base prospectus).

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 immediately following US government securities business day 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.

VI. To the extent that there is any inconsistency between the conditions set out in this section titled "– *Effect of Benchmark Transition Event on any SOFR notes*"

and any other condition, the statements in this section shall prevail with respect to any SOFR notes.

VII. Nothing in this section titled "– *Effect of Benchmark Transition Event on any SOFR notes*" affects the rights of the holders of notes other than any SOFR notes.

For the avoidance of doubt, the designated transaction representative 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 any SOFR notes*" are satisfied.

(d) Minimum rate of interest and/or maximum rate of interest

If the applicable final terms (or, in the case of exempt notes, the applicable pricing supplement) specifies a minimum rate of interest for a floating rate 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 (or, in the case of exempt notes, the applicable pricing supplement) 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.

(e) Determination of rate of interest and calculation of interest amounts

The agent bank will 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.

The agent bank will calculate the amount of interest payable on the floating rate notes in respect of each specified denomination (each an **interest amount**) for the relevant interest period. Each interest amount shall be calculated by multiplying the rate of interest by the specified denomination and, multiplying such product by the applicable day count fraction and rounding the resultant figure to the nearest sub-unit of the relevant specified currency, half of any such sub unit being rounded upwards or otherwise in accordance with applicable market convention.

Day count fraction means, in respect of the calculation of an amount of interest for a floating rate note in accordance with this Condition 4.2(e) for any interest period:

(i) if **actual/actual (ISDA)** is specified for such note in the applicable final terms (or, in the case of exempt notes, the applicable pricing supplement), 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);

(ii) if **actual/365** or **actual/365 (fixed)** is specified for such note in the applicable final terms (or, in the case of exempt notes, the applicable pricing supplement), the actual number of days in the interest period divided by 365;

(iii) if **actual/365 (sterling)** is specified for such note in the applicable final terms (or, in the case of exempt notes, the applicable pricing supplement), 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;

(iv) if **actual/360** is specified for such note in the applicable final terms (or, in the case of exempt notes, the applicable pricing supplement), the actual number of days in the interest period divided by 360;

(v) if **30/360**, **360/360** or **bond basis** is specified for such note in the applicable final terms (or, in the case of exempt notes, the applicable pricing supplement), 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

(vi) if **30E/360** or **Eurobond basis** is specified for such note in the applicable final terms (or, in the case of exempt notes, the applicable pricing supplement), 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).

(f) 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 issuer security trustee, the 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 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 14 as soon as possible after their determination but in no event later than the fourth business day 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 notes are for the time being listed or by which they have been admitted to listing and to noteholders in accordance with Condition 14.

(g) Determination or calculation by note trustee

If for any reason at any relevant time, the agent bank or, as the case may be, the calculation agent defaults in its obligation to determine the rate of interest for a floating rate note or the agent bank defaults in its obligation to calculate any interest amount for such note in accordance with Conditions 4.2(a) and 4.2(b) or as otherwise specified for such note in the applicable final terms (or, in the case of exempt notes, the applicable pricing supplement), as the case may be, and in each case in accordance with Condition 4.2(e), the note trustee shall determine the rate of interest at such rate as, in its absolute discretion (having such regard as it shall think fit to the foregoing provisions of this condition, but subject always to any minimum rate of interest or maximum rate of interest specified for such note in the applicable final terms (or, in the case of exempt notes, the applicable pricing supplement)), it shall deem fair and reasonable in all

the circumstances or, as the case may be, the note trustee shall calculate the interest amount(s) in such manner as it shall deem fair and reasonable in all the circumstances and each such determination or calculation shall be deemed to have been made by the agent bank or the calculation agent, as the case may be.

(h) 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 4.2, whether by the agent bank or the calculation agent or the note trustee shall (in the absence of wilful default, bad faith or manifest error) be binding on the issuer, the 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 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.

4.3. Accrual of interest

Interest (if any) will cease to accrue on each note (or in the case of the redemption of part only of a note, that part only of such note) on the due date for redemption thereof unless 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.

4.4. Deferred interest

To the extent that, subject to and in accordance with the relevant issuer priority of payments, the funds available to the issuer to pay interest on any series and class (or sub-class) of notes (other than the most senior class of notes of any series then outstanding) on an interest payment date (after discharging the 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 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 issuer's liabilities of a higher priority and subject to and in accordance with the relevant 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 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 issuer's liabilities of a higher priority subject to and in accordance with the relevant issuer priority of payments) to the 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 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 notes of any series then outstanding will not be deferred. In the event of the delivery of a note acceleration notice (as described in Condition 9), the amount of interest in respect of such 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 note trust deed.

4.5. Interest where there is an increase amount of a class Z GIC collateral note

In calculating the interest payable in respect of the class Z GIC collateral notes on any interest payment date where there has been the subscription of an increase amount pursuant to Condition 5.9 in the floating interest period immediately preceding such interest payment date, the interest payable shall be determined as the sum of the:

(a) the interest determined as being payable in respect of the class Z GIC collateral notes as if the principal amount outstanding were the principal amount outstanding of the class Z GIC collateral notes at the beginning of such floating interest period; plus

(b) interest on each increase amount made in such floating interest period calculated on the basis set out in Condition 4.2 as if references in Condition 4.2 to the principal amount outstanding in respect of such class Z GIC collateral notes 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 payable in respect of any increase amount paid 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 GIC collateral notes immediately prior to such increase date or such other rate specified in the applicable final terms (or, in the case of exempt notes, the applicable pricing supplement) in respect of such class Z GIC collateral notes.

Thereafter, interest on the class Z GIC collateral notes shall, for the avoidance of doubt, be determined on the principal amount outstanding including any increase amounts subscribed pursuant to Condition 5.9 in each subsequent floating interest period subject to any redemption pursuant to Condition 5.

4.6. Interest where there is an increase amount of a class Z variable funding note

In calculating the interest payable in respect of the class Z variable funding notes on any interest payment date where there has been the subscription of an increase amount pursuant to Condition 5.10 in the floating interest period immediately preceding such interest payment date, the interest payable shall be determined as the sum of the:

(a) the interest determined as being payable in respect of the class Z variable funding notes as if the principal amount outstanding were the principal amount outstanding of the class Z variable funding notes at the beginning of such floating interest period; plus

(b) interest on each increase amount made in such floating interest period calculated on the basis set out in Condition 4.2 as if references in Condition 4.2 to the principal amount outstanding in respect of such class Z variable funding notes 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 payable in respect of any increase amount paid 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 notes immediately prior to such increase date or such other rate specified in the applicable final terms (or, in the case of exempt notes, the applicable pricing supplement) in respect of such class Z variable funding notes.

Thereafter, interest on the class Z variable funding notes shall, for the avoidance of doubt, be determined on the principal amount outstanding including any increase amounts subscribed pursuant to Condition 5.10 in each subsequent floating interest period subject to any redemption pursuant to Condition 5.

4.7. Class Z variable funding note margin

The seller may on any date notify the issuer of an increase or decrease in the margin of a class Z variable funding note (as applicable) as specified in the relevant pricing supplement by delivering to the issuer, the registrar and the issuer cash manager a written notice indicating:

(a) the new relevant margin; and

(b) the date of the change to the relevant margin is to be made which may include the date on which the notice is provided,

provided that if the margin is to increase, the seller has first obtained the written consent of each of Funding 1, the Funding 1 swap provider, each issuer swap provider and each start-up loan provider to any increase to the relevant margin.

4.8. Class Z variable funding note final maturity date

The seller may on any date notify the issuer, the note trustee, the registrar and the issuer cash manager of an extension to the final maturity date of a class Z variable funding note as specified in the relevant pricing supplement by delivering to the issuer, the registrar and the issuer cash manager a written notice indicating the new relevant final maturity date.

5. REDEMPTION AND CANCELLATION

5.1. Final redemption

Unless previously redeemed in full as provided in this Condition 5, the issuer shall redeem a series and class (or sub-class) of notes at their then principal amount outstanding together with all accrued interest on the final maturity date in respect of such notes.

The issuer may not redeem such notes in whole or in part prior to their final maturity date except as provided in Conditions 5.2, 5.4 or 5.5 below, but without prejudice to Condition 9.

5.2. Mandatory redemption of the notes in part

On each interest payment date, other than an interest payment date on which a series and class (or sub-class) of notes are to be redeemed under Conditions 5.1, 5.4 or 5.5, the issuer shall repay principal in respect of such notes in an amount equal to:

(a) prior to the earlier to occur of the step-up date (if any) in respect of such notes and a pass-through trigger event (and subject to the terms of the issuer cash management agreement and the issuer deed of charge) the lower of:

(i) the amount due to be paid on such interest payment date as specified for such notes in the applicable final terms (or, in the case of exempt notes, the applicable pricing supplement); and

(ii) the amount (if any) repaid on the corresponding interest payment date in respect of the related term advance and pursuant to the intercompany loan agreement and which is available, under the terms of the issuer deed of charge

and the issuer cash management agreement to repay principal in respect of such notes converted, where the specified currency for such notes is not sterling, into the specified currency at the specified currency exchange rate for such notes;

provided that, in the case of any series and class (or sub-class) of pass-through notes (including class Z variable funding notes), the amount of principal to be repaid by the issuer in respect of such notes on the applicable interest payment date shall be calculated in accordance with paragraph (ii) above; and

(b) following the earlier to occur of the step-up date (if any) in respect of such notes and a pass-through trigger event (whereupon each following payment date shall constitute an interest payment date) and subject to the terms of the issuer deed of charge, the amount (if any) repaid on the corresponding interest payment date in respect of the related term advance and pursuant to the 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 issuer to repay the amount due to be paid on such interest payment date, the issuer will be required to repay the shortfall to the extent that it receives funds therefore (and subject to the terms of the issuer deed of charge and the issuer cash management agreement) on subsequent interest payment dates in respect of such notes.

5.3. Note principal payments and principal amount outstanding

The principal amount redeemable (the **note principal payment**) in respect of each note of a particular series and class (or sub-class) on any interest payment date under Condition 4 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 notes on such date equal to the proportion that the principal amount outstanding of the relevant note bears to the aggregate principal amount outstanding of such series and class (or sub-class) of notes rounded down to the nearest sub-unit of the specified currency; provided always that no such note principal payment may exceed the principal amount outstanding of the relevant note.

On each note determination date the issuer shall determine (or cause the issuer cash manager to determine) (a) the amount of any note principal payment payable in respect of each 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 GIC collateral note and 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 that note (as referred to in (b) above) and the denominator is the specified denomination. Each determination by or on behalf of the issuer of any note principal payment of a note, the principal amount outstanding of a note and the pool factor shall in each case (in the absence of wilful default, bad faith or manifest error) be final and binding on all persons.

The issuer will cause each determination of the note principal payment and the principal amount outstanding and the pool factor in respect of a series of class of 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 issuer security trustee, the paying agents, the registrar, the issuer cash manager 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 14 by no later than the business day after the relevant interest payment date.

If the issuer does not at any time for any reason determine (or cause the issuer cash manager to determine) a note principal payment, the principal amount outstanding or the pool factor in accordance with the preceding provisions of this Condition 5.3, such note principal payment and/or principal amount outstanding and/or pool factor may be determined by the note trustee in accordance with this Condition 5.3 in the manner the note trustee in its discretion considers fair and reasonable in the circumstances, having regard to this Condition 5.3, and each such determination or calculation shall be deemed to have been made by the issuer. Any such determination shall (in the absence of wilful default, bad faith or manifest error) be binding on the issuer, the agent bank and the noteholders.

5.4. Optional redemption

Provided a note acceleration 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 and the noteholders in accordance with Condition 14, the issuer may redeem a series and class (or sub-class) of notes (in whole but not in part unless otherwise specified in the applicable final terms (or, in the case of exempt notes, the applicable pricing supplement)) 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 (or, in the case of exempt notes, the applicable pricing supplement) and on any interest payment date for such notes thereafter;

(b) on any interest payment date on which the aggregate principal amount outstanding of such notes and all other classes of notes of the same series is less than 10% of the aggregate principal amount outstanding of such series of notes as at the closing date on which such series of notes was issued;

(c) if specified in the applicable final terms (or, in the case of exempt notes, the applicable pricing supplement), on any date designated as an "optional redemption date" in the applicable final terms (or, in the case of exempt notes, the applicable pricing supplement) in respect of such notes; or

(d) on any date provided that all the noteholders of such notes have given prior written consent to such redemption,

PROVIDED THAT (in each of the cases above), (i) on or prior to giving any such notice, the issuer shall have provided to the note trustee a certificate signed by two directors of the issuer to the effect that (A) 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 issuer deed of charge and the issuer cash management agreement and (B) the repayment tests will be satisfied following the making of such redemptions, and (ii) in the case of redemption of the class Z notes of a series, the class A notes, the class B notes, the class M notes, the class C notes and the class D notes of such series are also redeemed in full on such date, in the case of redemption of the class D notes of a series, the class A notes, the class B notes, the class M notes and the class C notes of a series are also redeemed in full on such date, in the case of redemption of the class C notes of such series, the class A notes, the class B notes and the class M notes of a series are also redeemed in full on such date, in the case of redemption of the class

M notes of such series, the class A notes and the class B notes of such series are also redeemed in full on such date and in the case of redemption of the class B notes of a series, the class A notes of such series are also redeemed in full on such date. A series and class of notes may be redeemed other than in accordance with this proviso if S&P has confirmed that the then current ratings of the rated notes issued by the issuer will not be reduced, withdrawn or qualified as a result of such redemption, and advance notice of such redemption having been given to Moody's and Fitch and there being no reduction, qualification or withdrawal by Moody's or Fitch of the then current ratings of the rated notes as a consequence thereof (provided that such confirmation from S&P shall not be required to the extent such rating agency does not maintain a rating of any notes which are outstanding).

5.5. Optional redemption for tax and other reasons

Provided a note acceleration notice has not been served, if the issuer at any time satisfies the note trustee immediately prior to the giving of the notice referred to below that on the next interest payment date either:

(a) the 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 notes (other than because the relevant holder has some connection with the United Kingdom other than the holding of notes or any such sub-class) any amount for or on account of any present or future taxes, duties, assessments or governmental charges of whatever nature; or

(b) Funding 1 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 amounts due in respect of the term advance under the intercompany loan agreement which was funded by such notes any amount on account of any present or future taxes, duties, assessments or governmental charges of whatever nature; or

(c) the issuer or Funding 1, as the case may be, falls within the securitisation tax regime but subsequently ceases to fall within such regime and that such cessation would result in the issuer and/or Funding 1 having to pay more tax than if the issuer and Funding 1 remained within the securitisation tax regime,

and in relation to any of the events described in (a), (b) or (c) above, such obligation of the issuer or Funding 1 (as the case may be) or such ceasing to fall within the securitisation tax regime cannot be avoided by the issuer or Funding 1 (as the case may be) taking reasonable measures available to it, then the 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 (1) written confirmation having been received from S&P that the then current ratings of the rated notes outstanding at that time will not be reduced, withdrawn or qualified because of such substitution and advance notice in writing of such substitution has been provided to Moody's and Fitch and there being no reduction, qualification or withdrawal by Moody's or Fitch of the then current ratings of the rated notes as a consequence thereof (provided that such confirmation from S&P shall not be required to the extent such rating agency does not maintain a rating of any notes which are outstanding), (2) the note trustee being satisfied that (i) such substitution will not be materially prejudicial to the interests of the noteholders and (ii) in the case of an event described in (a) or (b) such substitution would enable such substituted company to make payments of principal and interest under the relevant series or class of notes or under the intercompany loan, as the case may, be without such deduction or withholding, and (3) the issuer security trustee being satisfied that (i) the position of the issuer secured creditors will not

thereby be adversely affected, and (ii) 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 issuer is unable to arrange a substitution will the issuer be entitled to redeem the notes as described in this Condition 5.5.

Subject to the proviso below, if the issuer is unable to arrange a substitution as described above and, as a result, one or more of the events described in (a), (b) or (c) above (as the case may be) is continuing, then the issuer may, having given not more than 60 nor less than 30 days' notice to the note trustee and the noteholders in accordance with Condition 14, redeem all (but not some only) of such relevant notes (or all of the notes, in the case of an event described in (c)) 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 issuer shall have provided to the note trustee:

(i) a certificate signed by two directors of the issuer stating the circumstances referred to in (a), (b) or (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 issuer or Funding 1 as the case may be has or will become obliged to deduct or withhold such amounts as a result of such circumstances or, as the case may be, that the issuer or Funding 1 (as the case may be) has ceased or will cease to fall within the securitisation tax regime.

The note trustee shall be entitled to accept such certificate and opinion as sufficient evidence of the satisfaction of the circumstance set out in (a), (b) or (c) above, in which event they shall be conclusive and binding on the noteholders. The issuer may only redeem such notes as aforesaid, if on or prior to giving such notice, the issuer shall have provided to the note trustee a certificate signed by two directors of the 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 issuer deed of charge and the issuer cash management agreement.

In addition to the foregoing, if at any time the issuer delivers a certificate to Funding 1, the note trustee and the issuer security trustee to the effect that it would be unlawful for the issuer to make, fund or allow to remain outstanding a term advance under the intercompany loan agreement, then the issuer may require Funding 1 to prepay the relevant term advance on a Funding 1 payment date subject to and in accordance with the provisions of the intercompany loan agreement to the extent necessary to cure such illegality and the issuer may redeem all (but not some only) of the relevant notes at their redemption amount together with any accrued interest upon giving not more than 60 nor less than 30 days' (or such shorter period as may be required under any relevant law) prior written notice to the issuer security trustee, the note trustee, the relevant issuer swap provider(s) and the noteholders in accordance with Condition 14. Such monies received by the issuer shall be used to redeem the relevant notes in full, together with any accrued and unpaid interest, on the equivalent interest payment date.

5.6. Redemption amounts

For the purposes of this Condition 5, **redemption amount** means, in respect of any series and class (or sub-class) of notes, the amount specified in relation to such notes in the applicable final terms (or, in the case of exempt notes, the applicable pricing supplement) or, if not so specified:

(a) in respect of each note (other than a zero coupon note), the principal amount outstanding of such note; and

(b) in respect of each zero coupon note, an amount (the **amortised face amount**) calculated in accordance with the following formula:

redemption amount = RP x (1 + AY)y)

where:

RP = the reference price;

AY = the accrual yield expressed as a decimal; and

y = a fraction, the numerator of which is equal to the number of days (calculated on the basis of a 360-day year consisting of 12 months of 30 days each) from (and including) the first closing date of the applicable series and class (or sub-class) of notes to (but excluding) the date fixed for redemption or, as the case may be, the date upon which such note becomes due and payable and the denominator of which is 360 or such other fraction as specified in the applicable final terms (or, in the case of exempt notes, the applicable pricing supplement).

If the amount payable in respect of any zero coupon note upon redemption of such zero coupon note pursuant to Conditions 5.1, 5.2, 5.4 or 5.5 or upon its becoming due and repayable as provided in Condition 9 is improperly withheld or refused, the amount due and repayable in respect of such note shall be the amount calculated as provided in paragraph (b) above as though the reference therein to the date fixed for the redemption or, as the case may be, the date upon which such note becomes due and payable were replaced by reference to the date which is the earlier of:

(i) the date on which all amounts due in respect of such note have been paid; and

(ii) the date on which the full amount of the monies payable in respect of such note has been received by the principal paying agent or the note trustee or the registrar and notice to that effect has been given to the noteholders in accordance with Condition 14.

5.7. Cancellation

All notes redeemed in full will be cancelled upon redemption and may not be resold or re-issued.

5.8. Mandatory transfer of maturity purchase notes

(a) A series and class of the maturity purchase notes shall, subject to paragraphs (b) and (d) below and the provisions of the relevant maturity purchase deed, be transferred in accordance with paragraph (c) below on the relevant transfer date in exchange for payment of the relevant maturity purchase price by the maturity purchaser to the holders of such series and class of maturity purchase notes on the relevant transfer date.

(b) If the issuer fails to redeem a series and class of maturity purchase notes in full on the expected maturity date for such notes (or within 3 business days thereof) then subject to the terms of the relevant maturity purchase deed, the maturity purchaser will be required to purchase on the transfer date for such notes, at the maturity purchase price for such notes all, but not some only, of the outstanding maturity purchase notes of that series and class held by a holder of maturity purchase notes and in respect of which a valid transfer instruction or tender instruction has been delivered to the relevant

clearing system, provided that no note event of default has occurred which is continuing on such transfer date.

(c) In respect of a series and class of maturity purchase notes outstanding following the expected maturity date for such notes the issuer will on the business day following the loss calculation date for such notes (i) give notice (which notice shall be irrevocable) to the holder(s) of any such maturity purchase notes held in Euroclear and Clearstream, Luxembourg via Euroclear and Clearstream, Luxembourg of the maturity purchaser's intention to purchase such maturity purchase notes on the transfer date for such notes for cash at a price equal to the maturity purchase price for such notes (an **EC/CS notice to purchase**), (ii) instruct the DTC tender agent to give notice (which notices shall be irrevocable) to the holder(s) of any maturity purchase notes held in DTC via DTC of the maturity purchaser's intention to purchase such maturity purchase notes on the transfer date for such notes for cash at a price equal to the maturity purchase price for such notes (a **DTC notice to purchase**) and (iii) make a corresponding announcement via the London Stock Exchange plc and Bloomberg.

(d) A holder of any maturity purchase notes of a series and class has the right (but not the obligation) to elect to have all of its maturity purchase notes purchased by the relevant maturity purchaser on the transfer date for such notes. A holder of any maturity purchase note of a series and class may exercise its right to have its maturity purchase notes purchased by the maturity purchaser on the transfer date for such notes (i) in the case of maturity purchase notes held in Euroclear and Clearstream, Luxembourg, by giving a transfer instruction (which shall be irrevocable) via Euroclear or Clearstream, Luxembourg (as applicable) no later than 4:00 p.m. (London time) on the business day that is 5 business days prior to (but excluding) the transfer date (or such earlier deadline set by any relevant intermediary or clearing system) and (ii) in the case of maturity purchase notes held in DTC, by instructing the DTC tender agent to deliver instructions to DTC in accordance with the usual procedures of DTC acknowledging acceptance of the maturity purchaser's offer to buy the maturity purchase notes (a **tender instruction**) (which shall be irrevocable) no later than 4:00 p.m. (New York time) on the business day that is 5 business days prior to (but excluding) the transfer date (or such earlier deadline set by any relevant intermediary or clearing system).

(e) The principal paying agent shall arrange on the transfer date for an amount equal to the aggregate maturity purchase price received from the maturity purchaser in respect of a series and class of maturity purchase notes to be credited (via Euroclear, Clearstream, Luxembourg or DTC, as the case may be) to the accounts of the holder(s) of such maturity purchase notes that have delivered a transfer instruction or tender instruction in accordance with paragraph (d) above.

(f) Subject to paragraphs (a) above and (d) above, all the holders' interests in a series and class of maturity purchase notes specified in any valid transfer instruction or tender instruction in accordance with paragraph (d) above shall be transferred on the relevant transfer date to the account of the maturity purchaser or as otherwise notified by the maturity purchaser prior to such date. For the avoidance of doubt, the holders of interests in a series and class of maturity purchase notes which are transferred in accordance with this Condition 5.8 shall, following such transfer, have no further claim or rights against the issuer in respect of such transferred notes.

(g) Notwithstanding the provisions of this Condition 5.8, where definitive notes have been issued in respect of a series and class of maturity purchase notes or if the relevant clearing system ceases to offer the relevant mechanisms to enable the purchase and settlement of the maturity purchase notes as provided for in this Condition 5.8 and the relevant maturity purchase deed, the maturity purchaser in respect of such notes will

be required to purchase the relevant maturity purchase notes on the later of (i) the relevant scheduled transfer date and (ii) the date (the **deferred transfer date**) which is the earlier of (a) the date that is 5 business days after the date on which the parties to the relevant maturity purchase deed agree a procedure by which the purchase can occur and (b) 60 days after the scheduled transfer date.

5.9. Increase in the class Z GIC collateral notes of interest and principal

The class Z GIC collateral noteholder may on any date (each an **increase date**) increase the principal amount outstanding of the class Z GIC collateral note and cause a corresponding increase in the specified denomination of such class Z GIC collateral note by:

(a) delivering to the issuer, the registrar and the issuer cash manager a written notice indicating:

(i) the amount of the increase (the **increase amount**) being an amount which is at least equal to the amount which would cause the principal amount outstanding of the class Z GIC collateral notes to be at least equal after the increase to £10,000,000; provided that such increase amount shall not cause the seller share to be reduced below the minimum seller share;

(ii) the date of the proposed increase which may include the date on which the notice is provided; and

(iii) confirmation that it is the class Z GIC collateral noteholder; and

(b) by subscribing for and paying an amount equal to the increase amount to the issuer transaction account or such other account as the issuer (or the issuer cash manager) may direct from time to time).

The issuer undertakes to lend the proceeds of the increase amount to Funding 1 by way of a further advance in respect of the term NR GIC collateral advance.

5.10. Increase in the class Z variable funding notes of interest and principal

The class Z variable funding noteholder may on any date (each an **increase date**) increase the principal amount outstanding of the relevant class Z variable funding note (as applicable) and cause a corresponding increase in the specified denomination of such class Z variable funding note by:

(a) delivering to the issuer, the registrar and the issuer cash manager a written notice indicating:

(i) the amount of the increase (the **increase amount**) being an amount which is at least equal to the amount which would cause the principal amount outstanding of the class Z variable funding notes to be at least equal after the increase to £10,000,000; provided that such increase amount shall not cause the seller share to be reduced below the minimum seller share;

(ii) the date of the proposed increase which may include the date on which the notice is provided; and

(iii) confirmation that it is the class Z variable funding noteholder; and

(b) by subscribing for and paying an amount equal to the increase amount to the issuer transaction account or such other account as the issuer (or the issuer cash manager) may direct from time to time).

The issuer undertakes to lend the proceeds of the increase amount to Funding 1 by way of a further advance in respect of the term NR VFN advance.

Notwithstanding the foregoing, the issuer may only accept notification of an increase amount:

(a) where the class Z variable funding noteholder is Nationwide; or

(b) in circumstances where the class Z variable funding note has been transferred to an entity other than Nationwide:

(i) the seller has not delivered notice to the issuer that it may not increase the principal amount outstanding of the relevant class Z variable funding note (a **class Z VFN drawstop notice**); or

(ii) if a class Z VFN drawstop notice has been delivered to the issuer by the seller, such notice has been revoked.

6. PAYMENTS

6.1. Payment of interest and principal

Payments of principal shall be made by cheque in the specified currency, drawn on a designated bank, or upon application by a holder of the relevant note to the specified office of the principal paying agent not later than the fifth business day before the record date (as defined in Condition 6.7), by transfer to a designated account maintained by the payee with a designated bank and (in the case of final redemption) upon surrender (or, in the case of part payment only, endorsement) of the relevant note at the specified office of any paying agent.

Payments of interest shall be made by cheque in the specified currency drawn on a designated bank, or upon application by a holder of the relevant note to the specified office of the principal paying agent not later than the fifth business day before the record date (as defined in Condition 6.7), 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 (or, in the case of part payment only, endorsement) of the relevant note at the specified office of any paying agent.

All amounts payable to DTC or its nominee as registered holder of a Rule 144A global note held through DTC in respect of notes denominated in a currency other than U.S. dollars shall be paid by transfer by the principal paying agent to an account in the relevant currency of the exchange rate agent on behalf of DTC or its nominee for conversion into and payment in U.S. dollars in accordance with the provisions of the paying agent and agent bank agreement.

6.2. Laws and regulations

Payments of principal and interest in respect of the notes are subject in all cases to (i) any fiscal or other laws and regulations applicable thereto and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 (the **Code**) or otherwise imposed pursuant to Sections 1471 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.

6.3. Payment of interest following a failure to pay principal

If payment of principal is improperly withheld or refused on or in respect of any note or part thereof, the interest which continues to accrue in respect of such note in accordance with Condition 4 will be paid in accordance with this Condition 6.

6.4. Change of agents

The initial principal paying agent, the registrar, the transfer agent, the exchange rate agent and the initial paying agents are listed in these conditions. The issuer reserves the right, subject to the prior written approval of the note trustee, at any time to vary or terminate the appointment of the principal paying agent, the registrar, the transfer agent, the exchange rate agent and the U.S. paying agent and to appoint additional or other paying agents. The 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 note trust deed, the 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 14 and will notify the rating agencies of such change or addition.

6.5. No payment on non-business day

Where payment is to be made by transfer to a designated account, 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 and, where payment is to be made by cheque, the cheque will be mailed (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 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 note shall not be entitled to any interest or other payment in respect of any delay in payment resulting from (i) the due date for a payment not being a business day or (ii) a cheque mailed in accordance with this Condition 6 arriving after the due date for payment or being lost in the mail.

6.6. Partial payment

If a paying agent makes a partial payment in respect of any note, the 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 note, that a statement indicating the amount and date of such payment is endorsed on the relevant note.

6.7. Record date

Each payment in respect of a note will be made to the persons shown as the holder in the register (i) where 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, and (ii) where 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**). Where payment in respect of a note is to be made by cheque, the cheque will be mailed to the address shown as the address of the holder in the register at the opening of business on the relevant record date.

6.8. Payment of interest

Subject as provided otherwise in these conditions, if interest is not paid in respect of a note of any class on the date when due and payable (other than because the due date is not a business

day or by reason of non-compliance with Condition 6.1), 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 14.

7. PRESCRIPTION

Claims against the issuer for payment of interest and principal on redemption shall be prescribed and become void if not made within a period of 10 years from the relevant date in respect thereof. After the date on which a payment under a note becomes void in its entirety, no claim may be made in respect thereof. In this Condition 7, the **relevant date**, in respect of a payment under a 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 notes due on or before that date has not been duly received by the principal paying agent, the U.S. paying agent or the note trustee (as the case may be) on or prior to such date) the date on which the full amount of such monies having been so received or notice to that effect is duly given to noteholders in accordance with Condition 14.

8. TAXATION

8.1. All payments in respect of the 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 issuer or any relevant paying agent is required by applicable law to make any payment in respect of the notes subject to any such withholding or deduction. In that event, the 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. None of the paying agent, the issuer or any other person will be obliged to make any additional payments to noteholders in respect of such withholding or deduction.

8.2. The class Z noteholder or, if different, the person beneficially entitled to interest payable in respect of the class Z note shall no later than the record date (or, if such day is not a business day, the immediately preceding business day) (the **relevant date**) preceding the interest payment date next following the date that the class Z noteholder or such person became beneficially entitled to interest payable in respect of the class Z note (by completing and delivering a certificate in the form set out in schedule 3 to the paying agent and agent bank agreement (a **certificate**)) in respect of the class Z notes the subject thereof (the **relevant class Z notes**):

(a) represent and warrant to the issuer and the principal paying agent that the person beneficially entitled to interest payable in respect of the relevant class Z notes is the person specified therein as such, and is and will be a company (as defined in section 992 of the Income Tax Act 2007) within the charge to United Kingdom corporation tax as regards any payment of interest under the relevant class Z notes unless and until such time as it notifies each of the issuer and the principal paying agent in writing that this is not the case or that such person has ceased to be the person beneficially entitled to interest payable in respect of the relevant class Z notes;

(b) agree to confirm to each of the issuer and the principal paying agent prior to each interest payment date upon their request that the person beneficially entitled to interest payable in respect of the class Z notes remains the person specified therein as such;

(c) agree to indemnify the issuer and the principal paying agent for any loss or liability, costs and expenses (including stamp duties) which the issuer or the principal paying agent determines will be or has been suffered by the issuer or the principal paying agent (as the case may be) to the extent that it is in breach of the representation and warranty

referred to in paragraph (a) above or any information provided to it in accordance with paragraph (b) above proves to be untrue or incorrect;

(d) acknowledge that as at the closing date the principal paying agent does not offer a refund service in respect of sums withheld or deducted in respect of the payments made by it on behalf of the issuer in respect of the class Z notes including, without limitation, in the event that the representations, warranties and confirmations set out in paragraphs (a) and (b) above or (e) below are not fully complied with by a class Z noteholder;

(e) acknowledge that each of the representations, warranties, authorisations, agreements, acknowledgements and information given by it to the issuer and the principal paying agent is given in full knowledge that the issuer and the principal paying agent shall each rely on the same for the purposes of making determinations as to its obligation to make withholdings under applicable UK tax law and accordingly irrevocably confirm to the issuer and the principal paying agent that it has taken all necessary steps to give each such representation, warranty, authorisation, agreement, acknowledgement and information and intends that the issuer and the principal paying agent each rely on the same for such purpose.

8.3. In the case of either (a) the absence of both (i) a receipt from the class Z noteholder or the person beneficially entitled to interest payable in respect of a class Z note of a duly completed certificate and (ii) confirmation from the class Z noteholder or the person beneficially entitled to interest payable in respect of a class Z note of a corresponding holding of the class Z notes on the relevant date preceding the interest payment date or (b) (in the absence of a new certificate and confirmation in satisfaction of paragraph (a) above in respect of a class Z note) notification in writing that the person beneficially entitled to interest payable in respect of a class Z note is no longer the person specified in the certificate delivered to the issuer and the principal paying agent in respect of a class Z note or a company within the charge to United Kingdom corporation tax as regards any payment of interest in respect of a class Z note, the principal paying agent shall be entitled to assume that:

(a) the class Z noteholder or the person beneficially entitled to interest payable in respect of a class Z note is not a company within the charge to United Kingdom corporation tax as regards such payment of interest under the class Z note; and

(b) that a withholding or deduction for or on account of United Kingdom income tax is required in respect of such payment by or on behalf of the issuer in respect of the class Z note pursuant to Condition 8.1.

9. EVENTS OF DEFAULT

9.1. 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% in aggregate principal amount outstanding of the class A notes (which for this purpose and the purpose of any extraordinary resolution referred to in this Condition 9.1 means the class A notes of all series constituted by the note trust deed) or if so directed by or pursuant to an extraordinary resolution passed at a single meeting of the holders of the class A notes shall), subject in each case to being indemnified and/or secured to its satisfaction, give notice (a **class A note acceleration notice**) to the issuer, the issuer security trustee and the Funding 1 security trustee of a note event of default (as defined below) declaring (in writing) the class A notes and all other 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 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 issuer failing duly to perform or observe any other obligation binding upon it under the class A notes of any series, the note trust deed, the issuer deed of charge or any other 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 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 issuer, otherwise than for the purposes of such amalgamation or reconstruction as is referred to in Condition 9.1(d), ceases or threatens to cease to carry on its business or a substantial part of its business or the 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 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 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 issuer under any applicable liquidation, insolvency, arrangement or compromise, reorganisation or other similar laws (including, but not limited to, presentation of a petition or the making of an application for administration or the filing of documents with the court for an administration) and (except in the case of presentation of a petition for an administration order) such proceedings are not, in the opinion of the note trustee, being disputed in good faith with a reasonable prospect of success, a formal notice is given of intention to appoint an administrator in relation to the issuer or an administration order being granted or an administrative receiver or other receiver, liquidator or other similar official being appointed in relation to the issuer or in relation to the whole or any substantial part of the undertaking or assets of the issuer, or an encumbrancer taking possession of the whole or any substantial part of the undertaking or assets of the 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 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 issuer initiating or consenting to judicial proceedings relating to itself under applicable liquidation, insolvency, arrangement or compromise, reorganisation or other similar laws or making a conveyance or assignment for the benefit of its creditors generally or an arrangement, compromise or similar arrangement with the creditors or takes steps with a view to obtaining a moratorium in respect of its indebtedness, including without limitation, the filing of documents with the court; or

(f) if an intercompany loan acceleration notice is served under the intercompany loan agreement while the class A notes of any series are outstanding.

9.2. Class B noteholders

This Condition 9.2 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 are outstanding, the note trustee in its absolute discretion may (and if so requested in writing by the holders of not less than 25% in aggregate principal amount outstanding of the class B notes (which for this purpose and the purpose of any extraordinary resolution referred to in this Condition 9.2, means the class B notes of all series constituted by the note trust deed) or if so directed by or pursuant to an extraordinary resolution passed at a single meeting of the holders of the class B notes shall), subject in each case to it being indemnified and/or secured to its satisfaction, give notice (a **class B note acceleration notice**) to the issuer, the issuer security trustee and the Funding 1 security trustee of a note event of default (as defined below) and declaring (in writing) the class B notes and all other 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 Conditions 9.1(b), (c), (d), (e) or (f) above provided that the references in Conditions 9.1(b), (d) and (f) to class A notes shall be read as references to class B notes.

9.3. Class M noteholders

This Condition 9.3 shall have no effect if, and for as long as, any class A notes or 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% in aggregate principal amount outstanding of the class M notes (which for this purpose and the purpose of any extraordinary resolution referred to in this Condition 9.3, means the class C notes of all series constituted by the note trust deed) or if so directed by or pursuant to an extraordinary resolution passed at a single meeting of the holders of the class M notes) shall, subject in each case to it being indemnified and/or secured to its satisfaction, give notice (a **class M note acceleration notice**) to the issuer, the issuer security trustee and the Funding 1 security trustee of a note event of default (as defined below) and declaring (in writing) the class M notes and all other 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 Conditions 9.1(b), (c), (d), (e) or (f) above provided that the references in Conditions 9.1(b), (d) and (f) to class A notes shall be read as references to class M notes.

9.4. Class C noteholders

This Condition 9.4 shall have no effect if, and for as long as, any class A notes, class B notes or 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% in aggregate principal amount outstanding of the class C notes (which for this purpose and the purpose of any extraordinary resolution referred to in this Condition 9.4, means the class C notes of all series constituted by the note trust deed) or if so directed by or pursuant to an extraordinary resolution passed at a single meeting of the holders of the class C notes) shall, subject in each case to it being indemnified and/or secured to its satisfaction, give notice (a **class C note acceleration notice**) to the issuer, the issuer security trustee and the Funding 1 security trustee of a note event of default (as defined below) and declaring (in writing) the class C notes and all other 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 Conditions 9.1(b), (c), (d), (e) or (f) above provided that the references in Conditions 9.1(b), (d) and (f) to class A notes shall be read as references to class C notes.

9.5. Class D noteholders

This Condition 9.5 shall have no effect if, and for as long as, any class A notes, class B notes, class M notes or class C notes of any series are outstanding. Subject thereto, for so long as any class D 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% in aggregate principal amount outstanding of the class D notes (which for this purpose and the purpose of any extraordinary resolution referred to in this Condition 9.5, means the class D notes of all series constituted by the note trust deed) or if so directed by or pursuant to an extraordinary resolution passed at a single meeting of the holders of the class D notes shall), subject in each case to it being indemnified and/or secured to its satisfaction, give notice (a **class D note acceleration notice**) to the issuer, the issuer security trustee and the Funding 1 security trustee of a note event of default (as defined below) and declaring (in writing) the class D notes and all other 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 D 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 D 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 Conditions 9.1(b), (c), (d), (e) or (f) above provided that the references in Conditions 9.1(b), (d) and (f) to class A notes shall be read as references to class D notes.

9.6. Class Z noteholders

This Condition 9.6 shall have no effect if, and for as long as, any class A notes, class B notes, class M notes, class C notes or class D 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 outstanding (as defined in the note trust deed) (which for this purpose and the purpose of any extraordinary resolution referred to in this Condition 9.6, means the class Z notes constituted by the note trust deed) or if so directed by or pursuant to an extraordinary resolution passed at a meeting of the class Z noteholders of the class Z notes shall), subject in each case to it being indemnified and/or secured to its satisfaction, give notice (a class **Z note acceleration notice**) to the issuer, the issuer security trustee and the Funding 1 security trustee of a note event of default (as defined below) and declaring (in writing) the class Z 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 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 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 9.1(b), (c), (d), (e) or (f) above provided that the references in Condition 9.1(b), Condition 9.1(d) and Condition 9.1(f) to class A notes shall be read as references to class Z notes.

9.7. Following service of a note acceleration notice

In these conditions, a **note acceleration notice** means any of the class A note acceleration notice, the class B note acceleration notice, the class M note acceleration notice, the class C note acceleration notice, the class D note acceleration notice and the class Z acceleration notice. For the avoidance of doubt, upon any note acceleration notice being given by the note trustee in accordance with Condition 9.1, 9.2, 9.3, 9.4 or 9.5 all notes shall immediately become due, without further action or formality at their principal amount outstanding together with accrued interest (or, in the case of a zero coupon note, at its redemption amount, calculated in accordance with Condition 5.6).

10. ENFORCEMENT OF NOTES

10.1. Enforcement

The note trustee may, at its discretion and without notice at any time and from time to time, take such steps and institute such proceedings against the issuer or any other person as it may think fit to enforce the provisions of the notes, the note trust deed (including these conditions) or any of the other transaction documents to which it is a party and the note trustee may, at its discretion and without notice, at any time after the issuer security has become enforceable (including after the service of a note acceleration notice in accordance with Condition 9), instruct the issuer security trustee to take such steps as it may think fit to enforce the 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 note trust deed to protect the interests of any higher ranking class of noteholders) it shall have been so directed by an extraordinary resolution passed at a single meeting of the class A noteholders, the class B noteholders, the class M noteholders, the class C noteholders, the class D

noteholders, or 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, the class D notes, or the class Z notes (as applicable)) or so requested in writing by the holders of at least one quarter in aggregate principal amount outstanding of the class A notes, class B notes, class M notes, class C notes, class D notes, or class Z notes (as applicable) of all series; and

(b) it shall have been indemnified and/or secured to its satisfaction.

The issuer security trustee shall not be bound to take such steps or take any such other action unless it is so directed by the note trustee and has been indemnified and/or secured to its satisfaction.

Amounts available for distribution after enforcement of the issuer security shall be distributed in accordance with the terms of the issuer deed of charge.

No noteholder may institute any proceedings against the issuer to enforce its rights under or in respect of the notes, the note trust deed or the issuer deed of charge unless (i) the note trustee or the issuer security trustee, as applicable, has become bound to institute proceedings and has failed to do so within a reasonable time of becoming so bound and (ii) such failure is continuing; provided that, no noteholder will be entitled to commence proceedings for the winding up or administration of the issuer unless there are no outstanding notes of a class with higher priority, or if notes of a class with higher priority are outstanding, there is consent of noteholders of not less than one quarter of the aggregate principal amount of the notes outstanding (as defined in the note trust deed) of the class or classes of notes with higher priority or pursuant to an extraordinary resolution of the holders of such class of notes. Notwithstanding the foregoing and notwithstanding any other provision of the note trust deed, the right of any noteholder to receive payment of principal and interest on its notes on or after the due date for such principal or interest, or to institute suit for the enforcement of payment of that principal or interest, may not be impaired or affected without the consent of that noteholder.

10.2. Limited recourse

Notwithstanding any other condition or any provision of any transaction document, all obligations of the issuer to the noteholders are limited in recourse to the property, assets and undertakings of the issuer the subject of any security created by the issuer deed of charge (the **issuer charged assets**).

If:

(a) there are no issuer charged assets remaining which are capable of being realised or otherwise converted into cash;

(b) all amounts available from the issuer charged assets have been applied to meet or provide for the relevant obligations specified in, and in accordance with, the provisions of the issuer deed of charge; and

(c) there are insufficient amounts available from the issuer charged assets to pay in full, in accordance with the provisions of the issuer deed of charge, amounts outstanding under the notes (including payments of principal, premium (if any) and interest),

then the noteholders shall have no further claim against the issuer in respect of any amounts owing to them which remain unpaid (including, for the avoidance of doubt, payments of principal, premium (if any) and/or interest in respect of the notes) and such unpaid amounts

shall be deemed to be discharged in full and any relevant payment rights shall be deemed to cease.

11. MEETINGS OF NOTEHOLDERS, MODIFICATIONS AND WAIVER

11.1. Meetings of noteholders

The note trust deed contains provisions for convening meetings (including by way of conference call, including by use of a videoconferencing platform) of noteholders 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 transaction documents.

(a) Class A notes

In respect of the class A notes, the note trust deed provides that, subject to Condition 11.2:

(i) a resolution which, in the sole opinion of the note trustee, affects the interests of the holders of the class A notes of one sub-class only shall be deemed to have been duly passed if passed at a meeting of the holders of the class A notes of that sub-class;

(ii) a resolution which, in the sole opinion of the note trustee, affects the interests of the holders of the class A notes of any two or more sub-classes but does not give rise to a conflict of interest between the holders of such two or more sub-classes of class A notes, shall be deemed to have been duly passed if passed at a single meeting of the holders of such two or more sub-classes of class A notes; and

(iii) a resolution which, in the sole opinion of the note trustee, affects the interests of the holders of the class A notes of any two or more sub-classes and gives or may give rise to a conflict of interest between the holders of such two or more sub-classes 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 of class A notes, it shall be passed at separate meetings of the holders of such two or more sub-classes of class A notes.

(b) Class B notes

In respect of the class B notes, the note trust deed provides that, subject to Condition 11.2:

(i) a resolution which, in the sole opinion of the note trustee, affects the interests of the holders of the class B notes of one sub-class only shall be deemed to have been duly passed if passed at a meeting of the holders of the class B notes of that sub-class;

(ii) a resolution which, in the sole opinion of the note trustee, affects the interests of the holders of the class B notes of any two or more sub-classes but does not give rise to a conflict of interest between the holders of such two or more sub-classes 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 of class B notes; and

(iii) a resolution which, in the sole opinion of the note trustee, affects the interests of the holders of the class B notes of any two or more sub-classes and gives or may give rise to a conflict of interest between the holders of such two or more sub-classes 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 of class B notes, it shall

be passed at separate meetings of the holders of such two or more sub-classes of class B notes.

(c) Class M notes

In respect of the class M notes, the note trust deed provides that, subject to Condition 11.2:

(i) a resolution which, in the sole opinion of the note trustee, affects the interests of the holders of the class M notes of one sub-class only shall be deemed to have been duly passed if passed at a meeting of the holders of the class M notes of that sub-class;

(ii) a resolution which, in the sole opinion of the note trustee, affects the interests of the holders of the class M notes of any two or more sub-classes but does not give rise to a conflict of interest between the holders of such two or more sub-classes 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 of class M notes; and

(iii) a resolution which, in the sole opinion of the note trustee, affects the interests of the holders of the class M notes of any two or more sub-classes and gives or may give rise to a conflict of interest between the holders of such two or more sub-classes 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 of class M notes, it shall be passed at separate meetings of the holders of such two or more sub-classes of class M notes.

(d) Class C notes

In respect of the class C notes, the note trust deed provides that, subject to Condition 11.2:

(i) a resolution which, in the sole opinion of the note trustee, affects the interests of the holders of the class C notes of one sub-class only shall be deemed to have been duly passed if passed at a meeting of the holders of the class C notes of that sub-class;

(ii) a resolution which, in the sole opinion of the note trustee, affects the interests of the holders of the class C notes of any two or more sub-classes but does not give rise to a conflict of interest between the holders of such two or more sub-classes 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 of class C notes; and

(iii) a resolution which, in the sole opinion of the note trustee, affects the interests of the holders of the class C notes of any two or more sub-classes and gives or may give rise to a conflict of interest between the holders of such two or more sub-classes 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 of class C notes, it shall be passed at separate meetings of the holders of such two or more sub-classes of class C notes.

(e) Class D notes

In respect of the class D notes, the note trust deed provides that, subject to Condition 11.2:

(i) a resolution which, in the sole opinion of the note trustee, affects the interests of the holders of the class D notes of one sub-class only shall be deemed to have been duly passed if passed at a meeting of the holders of the class D notes of that sub-class;

(ii) a resolution which, in the sole opinion of the note trustee, affects the interests of the holders of the class D notes of any two or more sub-classes but does not give rise to a conflict of interest between the holders of such two or more sub-classes of class D 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 of class D notes; and

(iii) a resolution which, in the sole opinion of the note trustee, affects the interests of the holders of the class D notes of any two or more sub-classes and gives or may give rise to a conflict of interest between the holders of such two or more sub-classes of class D 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 of class D notes, it shall be passed at separate meetings of the holders of such two or more sub-classes of class D notes.

(f) Class Z notes

In respect of the class Z notes, the note trust deed provides that, subject to Condition 11.2:

(i) a resolution which, in the sole opinion of the note trustee, affects the interests of the holders of the class Z notes of one sub-class only shall be deemed to have been duly passed if passed at a meeting of the holders of the class Z notes of that sub-class;

(ii) a resolution which, in the sole opinion of the note trustee, affects the interests of the holders of the class Z notes of any two or more sub-classes but does not give rise to a conflict of interest between the holders of such two or more sub-classes 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 of class Z notes; and

(iii) a resolution which, in the sole opinion of the note trustee, affects the interests of the holders of the class Z notes of any two or more sub-classes and gives or may give rise to a conflict of interest between the holders of such two or more sub-classes 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 of class Z notes, it shall be passed at separate meetings of the holders of such two or more sub-classes of class Z notes.

The quorum for any meeting of the holders of any sub-class or sub-classes of notes 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 one-twentieth of the aggregate principal amount outstanding of such sub-class or sub-classes of notes or, at any adjourned meeting, one or more persons being or representing noteholders of such sub-class or sub-classes, whatever the principal amount of the relevant 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 note 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 as provided in the following paragraph, the quorum at any meeting of the holders of any sub-class or sub-classes of notes convened to consider an extraordinary resolution will be two or more persons holding or representing not less than 50% of the aggregate principal amount outstanding of such sub-class or sub-classes of notes or, at any adjourned meeting, one or more persons being or representing noteholders of such sub-class or sub-classes of notes, whatever the aggregate principal amount outstanding of the notes so held or represented.

The quorum at any meeting of the noteholders for passing 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 notes of any sub-class or sub-classes, the rate, the day or the timing of payments of interest thereon or of the currency of payment of the notes of any sub-class or sub-classes 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 note trust deed) shall be one or more persons holding or representing not less than 75% of the aggregate principal amount outstanding of the notes of the relevant sub-class or sub-classes or, at any adjourned and reconvened meeting, not less than 25% of the aggregate principal amount outstanding of the notes of the relevant series and class (or sub-class) or of the relevant sub-class or sub-classes.

An extraordinary resolution passed at any meeting of noteholders of any sub-class or sub-classes shall be binding on all of the noteholders of such sub-class or sub-classes whether or not they are present or represented at the meeting.

In connection with any meeting of the noteholders where the relevant notes (or any of them) are not denominated in sterling, the principal amount outstanding of any note not denominated in sterling shall be converted into sterling at the relevant specified currency exchange rate.

A resolution signed by or on behalf of all the noteholders of any sub-class or sub-classes who for the time being are entitled to receive notice of a meeting under the note trust deed shall for all purposes be as valid and effective as an extraordinary resolution passed at a meeting of holders of such sub-class or sub-classes.

11.2. Programme resolution

Notwithstanding the provisions of Condition 11.1, any extraordinary resolution of the noteholders of any class of notes to direct the note trustee to give a note acceleration notice or to take any enforcement action pursuant to Conditions 9 and 10 (a **programme resolution**) shall only be capable of being passed at a single meeting of the noteholders of all series of such class of notes. The quorum at any such meeting for passing a programme resolution shall be two or more persons holding or representing not less than 50% of the aggregate principal amount outstanding of the notes of such class or, at any adjourned and reconvened meeting, one or more persons being or representing noteholders of such class of notes, whatever the aggregate principal amount outstanding of such class of notes so held or represented by them.

A programme resolution passed at any meeting of all series of any class of notes shall be binding on all noteholders of all series of that class of notes, whether or not they are present or represented at the meeting.

11.3. Limitations on noteholders

Subject as provided in Condition 11.4:

(a) an extraordinary resolution of the class A noteholders shall be binding on all class B noteholders, all class M noteholders, all class C noteholders, all class D noteholders and all class Z noteholders;

(b) no extraordinary resolution of the class B noteholders shall take effect for any purpose while any class A notes remain outstanding unless it shall have been sanctioned by an extraordinary resolution or extraordinary resolutions of the class A noteholders or the note trustee is of the opinion that it would not be materially prejudicial to the interests of the class A noteholders and, subject hereto and to Condition 11.4, an extraordinary

resolution of the class B noteholders will be binding on the class M noteholders, the class C noteholders and the class D noteholders irrespective of the effect upon them;

(c) no extraordinary resolution of the class M noteholders shall take effect for any purpose while any class A notes or class B notes remain outstanding unless it shall have been sanctioned by an extraordinary resolution or extraordinary resolutions of the class A noteholders and an extraordinary resolution or extraordinary resolutions of the class B noteholders 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 the class B noteholders and, subject hereto and to Condition 11.4, an extraordinary resolution of the class M noteholders of any series will be binding on the class C noteholders and the class D noteholders irrespective of the effect upon them;

(d) no extraordinary resolution of the class C noteholders shall take effect for any purpose while any class A notes, class B notes or class M notes remain outstanding unless it shall have been sanctioned by an extraordinary resolution or extraordinary resolutions of the class A noteholders, an extraordinary resolution or extraordinary resolutions of the class B noteholders and an extraordinary resolution or extraordinary resolutions of the class M noteholders 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 the class M noteholders and, subject hereto and to Condition 11.4, an extraordinary resolution of the class C noteholders will be binding on the class D noteholders irrespective of the effect upon them; and

(e) no extraordinary resolution of class D noteholders shall take effect for any purpose while any class A notes, class B notes, class M notes or class C notes remain outstanding unless it shall have been sanctioned by an extraordinary resolution or extraordinary resolutions of the class A noteholders, an extraordinary resolution or extraordinary resolutions of the class B noteholders, an extraordinary resolution or extraordinary resolutions of the class M noteholders and an extraordinary resolution or extraordinary resolutions of the class C noteholders 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 the class C noteholders.

(f) no extraordinary resolution of class Z noteholders shall take effect for any purpose while any class A notes, class B notes, class M notes, class C notes or class D notes remain outstanding unless it shall have been sanctioned by an extraordinary resolution or extraordinary resolutions of the class A noteholders, an extraordinary resolution or extraordinary resolutions of the class B noteholders, an extraordinary resolution or extraordinary resolutions of the class M noteholders, an extraordinary resolution or extraordinary resolutions of the class C noteholders and an extraordinary resolution or extraordinary resolutions of the class D noteholders 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, the class C noteholders and the class D noteholders.

11.4. Approval of modifications and waivers by noteholders

No extraordinary resolution of the class A noteholders to sanction a modification of, or any waiver or authorisation of any breach, or proposed breach of, any of the provisions of the transaction documents or the conditions of such notes shall take effect unless it has been sanctioned by an extraordinary resolution or extraordinary resolutions of the class B noteholders, an extraordinary resolution or extraordinary resolutions of the class M noteholders, an extraordinary resolution or extraordinary resolutions of the class C noteholders, an

extraordinary resolution or extraordinary resolutions of the class D noteholders and an extraordinary resolution or extraordinary resolutions of the class Z noteholders 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, the class D noteholders and the class Z noteholders.

No extraordinary resolution of the class B noteholders to sanction a modification of, or any waiver or authorisation of any breach, or proposed breach of, any of the provisions of the transaction documents or the conditions of the notes shall take effect unless it has been sanctioned by an extraordinary resolution or extraordinary resolutions of the class M noteholders, an extraordinary resolution or extraordinary resolutions of the class C noteholders, an extraordinary resolution or extraordinary resolutions of the class D noteholders and an extraordinary resolution or extraordinary resolutions of the class Z noteholders 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, the class D noteholders, and the class Z noteholders.

No extraordinary resolution of the class M noteholders to sanction a modification of, or any waiver or authorisation of any breach, or proposed breach of, any of the provisions of the transaction documents or the conditions of the notes shall take effect unless it has been sanctioned by an extraordinary resolution or extraordinary resolutions of the class C noteholders, an extraordinary resolution or extraordinary resolutions of the class D noteholders and an extraordinary resolution or extraordinary resolutions of the class Z noteholders or the note trustee is of the opinion that it would not be materially prejudicial to the respective interests of the class C noteholders, the class D noteholders and the class Z noteholders.

No extraordinary resolution of the class C noteholders to sanction a modification of, or any waiver or authorisation of any breach, or proposed breach of, any of the provisions of the transaction documents or the conditions of the notes shall take effect unless it has been sanctioned by an extraordinary resolution or extraordinary resolutions of the class D noteholders and an extraordinary resolution or extraordinary resolutions of the class Z noteholders, or the note trustee is of the opinion that it would not be materially prejudicial to the interests of the class D noteholders and the class Z noteholders.

No extraordinary resolution of the class D noteholders to sanction a modification of, or any waiver or authorisation of any breach, or proposed breach of, any of the provisions of the transaction documents or the conditions of the notes shall take effect unless it has been sanctioned by an extraordinary resolution or extraordinary resolutions of the class Z noteholders, or the note trustee is of the opinion that it would not be materially prejudicial to the interests of the class Z noteholders.

11.5. Modifications and determinations by note trustee

The note trustee may, without the consent of the noteholders:

(a) agree to any modification (other than a basic terms modification) of, or to the waiver or authorisation of any breach or proposed breach of, the conditions of any series and class (or sub-class) of notes or any of the transaction documents which is not in the opinion of the note trustee, materially prejudicial to the interests of the noteholders of any series and class (or sub-class) of notes; or

(b) 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 interests of the holders of the most senior class of notes then outstanding; or

(c) agree to any modification (except a basic terms modification) of these conditions or any of the 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 established as such to the satisfaction of the note trustee or is to comply with the mandatory provisions of law; or

(d) agree to any modification of any of these conditions or any transaction documents as expressly provided for in the transaction documents; or

(e) agree to any modification of the notes, the note trust deed (including these conditions) or any of the other issuer transaction documents to enable the issuer or any of the other transaction parties to comply with (i) FATCA, any regulations or agreements thereunder, any official interpretations thereof, or any law implementing an intergovernmental approach thereto or (ii) Section 15G of the Exchange Act; or

(f) agree to any modification of the notes, the note trust deed (including these conditions) or any of the other issuer transaction documents to comply with the provisions of Rule 17g-5 of the Securities Exchange Act of 1934; or

(g) agree to a change of laws governing the notes and/or the transaction documents (and to any consequential amendments deriving therefrom) provided that such change and consequential amendments would not, in the opinion of the note trustee, be materially prejudicial to the interests of the holders of any series or class (or sub-class) of notes.

For the avoidance of doubt, the note trustee shall be entitled to assume, without further investigation or inquiry, that such modification, waiver, determination or authorisation will not be materially prejudicial to the interests of the noteholders of any class or series if S&P rating the relevant series and class (or sub-class) of rated notes has confirmed in writing that the then current ratings of the applicable series and class (or sub-class) of rated notes would not be reduced, withdrawn or qualified by such modification, waiver, determination or authorisation (and advance notice in writing of such modification, waiver, determination or authorisation has been provided to Moody's and Fitch and there being no reduction, qualification or withdrawal by Moody's or Fitch of the then current ratings of the rated notes as a consequence thereof) (provided that such confirmation from S&P shall not be required to the extent such rating agency does not maintain a rating of any notes which are outstanding) other than in the case of a modification, waiver, determination or authorisation that relates to an amendment of a maturity purchase deed or Condition 5.8. Where a modification, waiver, determination or authorisation relates to an amendment of a maturity purchase deed or Condition 5.8, the note trustee may agree to such modification or make such determination in accordance with Condition 11.5(a) to (e) inclusive.

Any modification, waiver, authorisation or determination made pursuant to this Condition 11.5(a) 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 14 as soon as practicable thereafter.

11.6. 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 note trust deed in respect of redenomination of such notes in euro and associated reconventioning, renominalisation and related matters in respect of such notes as may be proposed by the 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 on the Functioning of the European Union, as amended from time to time, 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 14 as soon as practicable thereafter.

11.7. Exercise of note trustee's functions

Where the note 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, the note trustee shall not 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, the note trustee shall not be entitled to require, and no noteholder shall be entitled to claim, from the issuer or any other person, any indemnification or payment in respect of any tax consequence of any such exercise upon individual noteholders.

11.8. Additional right of modification

Notwithstanding the provisions of Condition 11.4 and Condition 11.5, following the redemption in full of all notes issued prior to 11 December 2014 or at any time if noteholders representing 100 per cent. of the outstanding principal balance of such notes issued prior to 11 December 2014 consent (save in the case of Condition 11.8(i), which shall apply on and from 6 February 2018), the note trustee shall be obliged, without any consent or sanction of the noteholders, or any of the other issuer secured creditors or the Funding 1 secured creditors (as appropriate), to concur with the issuer, and to direct the issuer security trustee to concur with the issuer or any other person and shall direct the issuer security trustee to direct the Funding 1 security trustee to concur with Funding 1 and any other person, in making any modification (other than in respect of a basic terms modification, provided that a base rate modification (as defined in Condition 11.8(i) below) shall not constitute a basic terms modification) to these conditions or any other transaction document to which it is a party or in relation to which it holds security that the issuer considers necessary:

(a) for the purpose of complying with, or implementing or reflecting, any change in the criteria of one or more of the rating agencies which may be applicable from time to time, provided that (i) the issuer certifies in writing to the note trustee, the issuer security trustee and the Funding 1 security trustee (as appropriate) that such modification is necessary to comply with such criteria or, as the case may be, is solely to implement and reflect such criteria; and (ii) in the case of any modification to a transaction document proposed by any of a swap provider, any account bank, the issuer cash manager or the cash manager in order (x) to remain eligible to perform its role in such capacity in conformity with such criteria and/or (y) to avoid taking action which it would otherwise be required to take to enable it to continue performing such role (including, without limitation, posting collateral or advancing funds):

A. such swap provider, such account bank, the issuer cash manager or the cash manager, as the case may be, certifies in writing to the issuer or the note trustee, the issuer security trustee and the Funding 1 security trustee (as appropriate) that such modification is necessary for the purposes described in paragraph (a)(ii)(x) and/or (y) above (and in the case of a certification provided to the

issuer, the issuer shall certify to the note trustee, the issuer security trustee and the Funding 1 security trustee (as appropriate) that is has received the same from such swap provider, such account bank, the issuer cash manager or the cash manager, as the case may be);

B. either:

1. such swap provider, such account bank, the issuer cash manager or the cash manager, as the case may be, obtains from each of the rating agencies written confirmation (or certifies in writing to the issuer and the note trustee, the issuer security trustee and the Funding 1 security trustee (as appropriate) that it has been unable to obtain written confirmation, but has received oral confirmation from an appropriately authorised person at each of the rating agencies (other than Fitch, whose written confirmation shall be required) (provided that for S&P, such confirmation shall not be required to the extent such rating agency does not maintain a rating of any notes which are outstanding)) that such modification would not result in a downgrade, withdrawal or suspension of the then current ratings assigned to any class of the notes by such rating agency and would not result in any rating agency placing any notes on rating watch negative (or equivalent) and, if relevant, delivers a copy of each such confirmation to the issuer and the note trustee; or

2. the issuer certifies in writing to the note trustee, the issuer security trustee and the Funding 1 security trustee that the rating agencies have been informed of the proposed modification and none of the rating agencies has indicated that such modification would result in (x) a downgrade, withdrawal or suspension of the then current ratings assigned to any class of the notes by such rating agency or (y) such rating agency placing any notes on rating watch negative (or equivalent); and

C. such swap provider, such account bank or the issuer (with respect to changes requested by the issuer cash manager or the cash manager) pays all costs and expenses (including legal fees) incurred by the issuer, the note trustee, the issuer security trustee and the Funding 1 security trustee (as appropriate) in connection with such modification;

(b) in order to enable the issuer and/or a swap provider to comply with:

(i) any obligation which applies to it under Articles 9, 10 and 11 of UK EMIR and/or EU EMIR, as applicable; or

(ii) any other obligation which applies to it under UK EMIR and/or EU EMIR, as applicable, provided that the issuer or such swap provider, as appropriate, certifies to the note trustee, the issuer security trustee and the Funding 1 security trustee (as appropriate) in writing that such modification is required solely for the purpose of enabling it to satisfy such obligation and has been drafted solely to such effect;

for the purpose of complying with any changes in the requirements of (i) Section 15G of the Exchange Act, as added by section 941 of the Dodd-Frank Act, or any equivalent risk retention legislation or regulations or official guidance in relation thereto applicable to the issuer or Nationwide, (ii) Article 6 of the UK Securitisation

Regulation, Article 6 of the EU Securitisation Regulation and any other risk retention legislation or regulations or official guidance in relation thereto or for the purposes of compliance with the UK Securitisation Regulation and the EU Securitisation Regulation, or (iii) any other provision of the UK Securitisation Regulation and the EU Securitisation Regulation, including Articles 19, 20, 21 or 22 of the UK Securitisation Regulation, or Article 243 of the UK Capital Requirements Regulation, including as a result of the adoption of Regulatory Technical Standards in relation thereto, or any equivalent securitisation legislation or regulations or official guidance applicable to the issuer or Nationwide, provided in each case that the issuer certifies to the note trustee, the issuer security trustee and the Funding 1 security trustee (as appropriate) in writing that such modification is required solely for such purpose and has been drafted solely to such effect;

(c) for the purpose of enabling the notes to be (or to remain) listed on the London Stock Exchange, provided that the issuer certifies to the note trustee, the issuer security trustee and the Funding 1 security trustee (as appropriate) in writing that such modification is required solely for such purpose and has been drafted solely to such effect;

(d) for the purposes of enabling the issuer or any of the other parties to the transaction documents to comply with FATCA (or any voluntary agreement entered into with a taxing authority in relation thereto), provided that the issuer or the relevant other party, as applicable, certifies to the note trustee, the issuer security trustee and the Funding 1 security trustee (as appropriate) in writing that such modification is required solely for such purpose and has been drafted solely to such effect;

(e) for the purposes of enabling the issuer to comply with the provisions of Rule 17g-5 of the Exchange Act, provided that the issuer certifies to the note trustee, the issuer security trustee and the Funding 1 security trustee (as appropriate) in writing that such modification is required solely for such purpose and has been drafted solely to such effect;

(f) for the purpose of complying with any changes in the requirements of the Credit Rating Agencies Regulation after the closing date, including as a result of the adoption of Regulatory Technical Standards in relation to the Credit Rating Agencies Regulation or regulations or official guidance in relation thereto, provided that the issuer certifies to the note trustee, the issuer security trustee and the Funding 1 security trustee (as appropriate) in writing that such modification is required solely for such purpose and has been drafted solely to such effect;

(g) for the purpose of complying with the requirements of any law, regulation or official guidance introduced after 11 December 2014 relating to securitisation which establishes capital, liquidity or other regulatory treatment for securities or securitisations and would enable the notes (either then outstanding or intended to be issued in the future) to qualify for and benefit from favourable capital, liquidity or other regulatory treatment under the requirements of such legislation, regulations or official guidance, provided that the issuer certifies to the note trustee, the issuer security trustee and the Funding 1 security trustee (as appropriate) in writing that such modification is required solely for such purpose;

(h) for the purpose of complying with the eligibility criteria of PCS required to obtain a PCS Label for notes which are either then outstanding or are intended to be issued in the future, provided that the issuer certifies to the note trustee, the issuer security trustee and the Funding 1 security trustee (as appropriate) in writing that such modification is, in its opinion, not materially prejudicial to noteholders and is required to enable such notes to qualify for a PCS label; and

(i) for the purpose of changing the screen rate or base rate that then applies in respect of the floating rate notes, the issuer swap agreements, the term advances and/or any Funding 1 swap agreement (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 issuer and/or Funding 1 to facilitate such change (a **base rate modification**), provided that, in relation to any such base rate modification:

(i) the issuer (or the issuer cash manager, acting on behalf of the issuer) and/or Funding 1 certifies to the note trustee, the issuer security trustee and the Funding 1 security trustee (as appropriate) in writing that such base rate modification is being undertaken due to one of the following reasons (as specified in the certificate) and that any such other related or consequential amendments being made are necessary or advisable in their reasonable judgment to facilitate such change and also certifying which of the alternative base rates specified in paragraph (ii) below is to be implemented:

(A) a material disruption to EURIBOR 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 EURIBOR or any other relevant interest rate benchmark (in circumstances where no successor administrator has been appointed);

(C) a public statement by the administrator of EURIBOR 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 that will continue publication of such interest rate benchmark) or has changed or will change such interest rate benchmark in an adverse manner;

(D) a public statement by the supervisor of the administrator of EURIBOR 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 EURIBOR 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 notes at such time; or

(G) the reasonable expectation of the issuer (or the issuer cash manager, acting on behalf of the issuer) that any of the events specified in paragraphs (A) to (F) above will occur or exist within six months of the proposed effective date of such base rate modification, subject to certification by the issuer (or the issuer cash Manager, acting on behalf of the issuer) that such is its reasonable expectation; and

(ii) such alternative base rate is:

(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 or any stock exchange on which the notes are listed (or any relevant committee or other body established, sponsored or approved by any of the foregoing); or

(B) a base rate with an equivalent term utilised in a material number of publicly-listed new issues of asset backed floating rate notes prior to the effective date of such base rate modification (for these purposes, unless agreed otherwise by the note trustee, five such issues shall be considered material); and

(iii) the seller or the issuer pays all fees, costs and expenses (including legal fees) reasonably incurred by the issuer, the note trustee, the issuer security trustee, the Funding 1 security trustee or any other transaction party in connection with such base rate modification,

(the certificate to be provided by the issuer, the relevant swap provider or the relevant other party to a transaction document, as the case may be, pursuant to paragraphs (a) to (i) above being a **modification certificate**), provided that:

(i) at least 30 calendar days' prior written notice of any such proposed modification has been given to the note trustee, the issuer security trustee and the Funding 1 security trustee (as appropriate);

(ii) the modification certificate in relation to such modification shall be provided to the note trustee, the issuer security trustee and the Funding 1 security trustee (as appropriate) both at the time the note trustee, the issuer security trustee and the Funding 1 security trustee (as appropriate) are notified of the proposed modification and on the date that such modification takes effect; and

(iii) the consent of each issuer secured creditor and Funding 1 secured creditor (as appropriate) which is party to the relevant transaction document has been obtained,

and provided further that, other than in the case of a modification pursuant to Condition 11.8(b)(i):

(iv) other than in the case of a modification pursuant to Condition 11.8(a)(ii), either:

A. the issuer obtains from each of the rating agencies written confirmation (or certifies in the modification certificate that it has been unable to obtain written confirmation, but has received oral confirmation from an appropriately authorised person at each of the rating agencies (other than Fitch, whose written confirmation shall be required) (provided that for S&P, such confirmation shall not be required to the extent such rating agency does not maintain a rating of any notes which are outstanding)) that such modification would not result in (x) a downgrade, withdrawal or suspension of the then current ratings assigned to any class of the notes by such rating agency or (y) such rating agency placing any notes on rating watch negative (or equivalent); or

B. the issuer certifies in the modification certificate that it has informed the rating agencies of the proposed modification and none of the rating agencies has indicated that such modification would result in (x) a downgrade, withdrawal

or suspension of the then current ratings assigned to any class of the notes by such rating agency or (y) such rating agency placing any notes on rating watch negative (or equivalent); and

(v) (I) the issuer has provided at least 30 calendar days' notice to the noteholders of each class of the proposed modification in accordance with Condition 14 (Notice to Noteholders), and (II) the note trustee has not been notified in writing (or otherwise in accordance with the then current practice of any applicable clearing system through which such notes may be held) by noteholders representing at least 10 per cent. of the aggregate principal amount outstanding of the most senior class of notes then outstanding within such notification period that such noteholders do not consent to the modification.

If noteholders representing at least 10 per cent. of the aggregate principal amount outstanding of the most senior class of notes then outstanding have notified the note trustee in writing (or otherwise in accordance with the then current practice of any applicable clearing system through which such notes may be held) within the notification period referred to above that they do not consent to the modification, then such modification will not be made unless an extraordinary resolution of the noteholders of the most senior class of notes then outstanding is passed in favour of such modification in accordance with Condition 11.1 (Meetings of noteholders).

most senior class of notes means the class A notes or, if no class A notes are outstanding, the class B notes or, if no class A notes or class B notes are outstanding, the class C notes or, if no class A notes, class B notes or class C notes are outstanding, the class D notes or, if no class A notes, class B notes, class C notes or class D notes are outstanding, the class M notes or, if no class A notes, class B notes, class C notes, class D notes or class M notes are outstanding, the class Z notes.

Objections made in writing other than through the applicable clearing system must be accompanied by evidence to the note trustee's satisfaction (having regard to prevailing market practices) of the relevant noteholder's holding of the notes.

Notwithstanding the provisions of this Condition, Condition 11.4 and Condition 11.5, following the redemption in full of all class A notes issued and outstanding prior to 14 November 2023, the note trustee shall be obiliged, without any consent or sanction of the noteholders, or any other issuer secured creditors or the Funding 1 secured creditors (as appropriate), to concur with the issuer, and to direct the issuer security trustee to concur with the issuer or any other person and shall direct the issuer security trustee to direct the Funding 1 security trustee to concur with Funding 1 and any other person, in making modification to these conditions or any other transaction document to which it is a party or in relation to which it holds security that the issuer considers necessary for the purpose of redemption of any notes (in whole or in part) provided Nationwide certifies to the note trustee that the redemption of that class or series of notes (in whole or in part) is required pursuant to a request from one or more noteholder of the same class or series of notes.

Other than where specifically provided in this Condition 11.8 or any transaction document:

(a) when implementing any modification pursuant to this Condition 11.8 (save to the extent the note trustee considers that the proposed modification would constitute a basic terms modification), the note trustee shall not consider the interests of the noteholders, any other issuer secured creditor or any other person and shall act and rely solely and without further investigation on any certificate or evidence provided to it by the issuer or the relevant transaction party, as the case may be, pursuant to this Condition 11.8 and shall not be liable to the noteholders, any other issuer secured creditor or any other

person for so acting or relying, irrespective of whether any such modification is or may be materially prejudicial to the interests of any such person; and

(b) the note trustee 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 is has not be indemnified and/or secured and/or pre-funded to its satisfaction or (ii) increasing the obligations or duties, or decreasing the rights or protection, of the note trustee in the transaction documents and/or these conditions.

Any such modification shall be binding on all noteholders and shall be notified by the issuer as soon as reasonably practicable to:

(a) so long as any of the notes rated by the rating agencies remains outstanding, each rating agency;

(b) the issuer secured creditors and Funding 1 secured creditors (as appropriate); and

(c) the noteholders in accordance with Condition 14.

12. INDEMNIFICATION OF THE NOTE TRUSTEE AND THE ISSUER SECURITY TRUSTEE

The note trust deed and the issuer deed of charge set out certain provisions for the benefit of the note trustee and the issuer security trustee. The following is a summary of such provisions and is subject to the more detailed provisions of the note trust deed and the issuer deed of charge.

The transaction documents contain provisions governing the responsibility (and relief from responsibility) of the note trustee and the issuer security trustee and providing for their indemnification in certain circumstances, including, among others, provisions relieving the issuer security trustee from taking enforcement proceedings or enforcing the issuer security unless indemnified and/or secured to its satisfaction.

The note trustee and the issuer security trustee and their related companies are entitled to enter into business transactions with the issuer, Nationwide, the issuer cash manager and/or the related companies of any of them and to act as note trustee or issuer security trustee for the holders of any new notes and/or any other person who is a party to any transaction document or whose obligations are comprised in the issuer security and/or any of its subsidiary or associated companies without accounting for any profit resulting therefrom.

Neither the note trustee nor the 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 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 or the issuer security trustee, as applicable.

Furthermore, the note trustee and the issuer security trustee will be relieved of liability for making searches or other inquiries in relation to the assets comprising the issuer security. The note trustee and the issuer security trustee do not have any responsibility in relation to the legality and the enforceability of the trust arrangements and the related issuer security. Neither the note trustee nor the issuer security trustee will be obliged to take any action that might result in its incurring personal liabilities. Neither the note trustee nor the issuer security trustee is obliged to monitor or investigate the performance of any other person under the 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 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 issuer security.

13. REPLACEMENT OF 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 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 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 issuer's, registrar's and paying agents' reasonable requests as to evidence and indemnity.

Defaced or mutilated notes must be surrendered before replacements will be issued.

14. NOTICE TO NOTEHOLDERS

14.1. Publication of notice

Any notice to noteholders shall be validly given if such notice is:

(a) sent to them by first class mail (or its equivalent) or (if posted to a non-UK address) by airmail at the respective addresses on the register; and

(b) published in The Financial Times; and

(c) for so long as amounts are outstanding on the Rule 144A notes, in a daily newspaper of general circulation in New York (which is expected to be the New York Times);

or, if any of such newspapers set out above shall cease to be published or timely publication therein shall not be practicable, in a leading English language daily newspaper having general circulation in the United Kingdom or the United States (as applicable) provided that if, at any time, the issuer procures that the information concerned in such notice shall be published on the relevant screen, publication in the newspapers set out above or such other newspaper or newspapers shall not be required with respect to such information.

14.2. 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.

14.3. Global notes

While the notes are represented by global notes, any notice to noteholders will be validly given if such notice is provided in accordance with this Condition 14 or (at the option of the issuer) if delivered to DTC (in the case of the Rule 144A notes held through DTC) or Euroclear and/or Clearstream, Luxembourg (in the case of the Reg S notes and the Rule 144A notes held through Euroclear and/or Clearstream). Any notice delivered to the DTC and/or Euroclear and/or Clearstream, Luxembourg will be deemed to be given on the day of delivery.

14.4. 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 if, in its opinion, such other method is reasonable having regard to market practice then prevailing and to the requirements of the stock exchanges on which the 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.

15. NEW SERIES

The issuer may issue new series and classes (or sub-classes) of notes from time to time, without obtaining the consent of noteholders, subject to satisfaction of the issuance tests (including written confirmation from S&P that the then current ratings of the rated notes outstanding of that time will not be reduced, withdrawn or qualified because of the new issue (and advance notice in writing of such new issue has been provided to Moody's and Fitch and there being no reduction, qualification or withdrawal by Moody's or Fitch of the then current ratings of the rated notes as a consequence thereof) (provided that such confirmation from S&P shall not be required to the extent such rating agency does not maintain a rating of any notes which are outstanding)) as described in the note trust deed and the other transaction documents.

16. GOVERNING LAW AND JURISDICTION

The transaction documents and the notes and any non-contractual obligations arising out of or in connection with them are governed by English law unless specifically stated to the contrary. Certain provisions in the transaction documents relating to property situated in Northern Ireland and Scotland are governed by, or construed in accordance with, Northern Irish law and Scots law, respectively. Unless specifically stated to the contrary:

(a) the courts of England are to have exclusive jurisdiction to settle any disputes which may arise out of or in connection with the notes and the transaction documents; and

(b) the issuer and the other parties to the transaction documents irrevocably submit to the exclusive jurisdiction of the courts of England.

17. CONTRACTS (RIGHTS OF THIRD PARTIES) ACT 1999

No person shall have any right to enforce any term or condition of the 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.

18. 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 terms used but not otherwise defined in these conditions shall have the meanings ascribed to them or incorporated in the note trust deed, the issuer master definitions and construction schedule or the master definitions and construction schedule. The provisions of clause 2 (interpretation and construction) of the master definitions and construction schedule and the issuer master definitions and construction schedule are incorporated into and shall apply to these conditions.

accrual yield means, in respect of any series and class (or sub-class) of notes, the yield specified as such for such notes in the applicable final terms (or, in the case of exempt notes, the applicable pricing supplement);

additional business centre means, in respect of any series and class (or sub-class) of notes, each place specified as such for such notes in the applicable final terms (or, in the case of exempt notes, the applicable pricing supplement);

agents means the paying agents, the transfer agent, the exchange rate agent, the registrar and the agent bank;

agent bank means Citibank, N.A., 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;

alternative base rate has the meaning indicated in Condition 11.8(i);

base prospectus means, in relation to the notes, the base prospectus dated on or about 22 October 2010 relating to the programme, as amended, replaced and/or supplemented from time to time;

base rate modification has the meaning indicated in Condition 11.8(i);

broken amount means, in respect of any series and class (or sub-class) of notes, the amount specified as such (if any) for such notes in the applicable final terms (or, in the case of exempt notes, the applicable pricing supplement);

Capital Requirements Regulation means Regulation (EU) No. 575/2013, as amended by Regulation (EU) 2017/2401;

class means, in relation to the notes or the noteholders, the class A notes, the class B notes, the class M notes, the class C notes, the class D notes, the class Z notes, the class Z GIC collateral notes or the class Z variable funding notes, as the context requires;

class A noteholders means the holders of the class A notes;

class A notes means notes of any series designated as such in the applicable final terms (or, in the case of exempt notes, the applicable pricing supplement);

class B noteholders means the holders of the class B notes;

class B notes means notes of any series designated as such in the applicable final terms (or, in the case of exempt notes, the applicable pricing supplement);

class C noteholders means the holders of the class C notes;

class C notes means notes of any series designated as such in the applicable final terms (or, in the case of exempt notes, the applicable pricing supplement);

class D noteholders means the holders of the class D notes;

class D notes means notes of any series designated as such in the applicable final terms (or, in the case of exempt notes, the applicable pricing supplement);

class M noteholders means the holders of the class M notes;

class M notes means notes of any series designated as such in the applicable final terms (or, in the case of exempt notes, the applicable pricing supplement);

class Z GIC collateral noteholder means Nationwide or the holders for the time being of the class Z GIC collateral notes;

class Z GIC collateral notes means the notes issued by the issuer and which are designated as such in the applicable final terms (or, in the case of exempt notes, the applicable pricing supplement);

class Z noteholders means the holders of the class Z notes;

class Z notes means notes of any series designated as such in the applicable final terms (or, in the case of exempt notes, the applicable pricing supplement), the class Z GIC collateral notes and the class Z variable funding notes, as applicable;

class Z variable funding noteholder means Nationwide or the holders for the time being of the class Z variable funding notes;

class Z variable funding notes means the notes issued by the issuer and which are designated as such in the applicable final terms (or, in the case of exempt notes, the applicable pricing supplement);

Clearstream, Luxembourg means Clearstream Banking, S.A.;

closing date has the meaning given to it in the applicable final terms (or, in the case of exempt notes, the applicable pricing supplement);

deferred transfer date has the meaning indicated in Condition 5.8(g);

definitive notes means the note certificates representing the 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;

determination date means, in respect of any series and class (or sub-class) of notes, the date(s) specified as such (if any) for such notes in the applicable final terms (or, in the case of exempt notes, the applicable pricing supplement);

determination period has the meaning indicated in Condition 4.1;

distribution compliance period means the period that ends 40 days after the later of the commencement of the offering and the date of issue of the relevant notes;

dollars, **US$**, **U.S. dollars** or **$** means the lawful currency for the time being of the United States of America;

DTC means The Depository Trust Company and any successor thereto;

DTC notice to purchase means a notice given by the issuer to a holder of any maturity purchase note(s) held in DTC in accordance with Condition 5.8(c);

DTC tender agent means any party designated or appointed by the issuer to coordinate the purchase of any maturity purchase notes by the maturity purchaser held in DTC in accordance with Condition 5.8(c);

EC/CS notice to purchase means a notice given by the issuer to a holder of any maturity purchase note(s) held in Euroclear or Clearstream, Luxembourg in accordance with Condition 5.8(c);

EURIBOR means the Euro-zone inter-bank offered rate;

Euro, **euro** or **€** means the currency introduced at the start of the third stage of the European Economic and Monetary Union pursuant to the Treaty on the Functioning the European Union, as amended from time to time;

Euroclear means Euroclear Bank S.A./N.V., as operator of the Euroclear System;

Exchange Act means the United States Securities Exchange Act of 1934, as amended;

exchange rate agent means Citibank, N.A., London Branch in its capacity as exchange rate agent at its specified office or such other person for the time being acting as exchange rate agent under the paying agent and agent bank agreement;

expected maturity date means, in respect of a series and class of maturity purchase notes, the bullet redemption date specified in the applicable final terms (or, in the case of exempt notes, the applicable pricing supplement);

extraordinary resolution means (a) 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 note 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 or (b) a resolution in writing signed by or on behalf of all the noteholders of a particular class, series or series and class (or sub-class), which resolution in writing may be contained in one document or in several documents in like form each signed by or on behalf of one or more of the noteholders of such class, series or series and class (or sub-class) (as the case may be);

FATCA means Sections 1471 through 1474 of the U.S. Internal Revenue Code of 1986, any regulations or agreements thereunder, any official interpretations thereof, or any law implementing an intergovernmental approach thereto;

final maturity date means, in respect of any series and class (or sub-class) of notes, the date specified as such for such notes in the applicable final terms (or, in the case of exempt notes, the applicable pricing supplement);

final terms means, in relation to any series of notes, the final terms issued in relation to such series of notes as a supplement to these conditions and giving details of, *inter alia*, the amount and price of such series of notes and which forms a part of the base prospectus in relation to such series of notes;

fixed coupon amount means, in respect of any series and class (or sub-class) of notes, the amount specified as such (if any) for such notes in the applicable final terms (or, in the case of exempt notes, the applicable pricing supplement);

Funding 1 means Silverstone Funding (No. 1) Limited;

Funding 1 deed of charge means the deed of charge entered into on the programme closing date, as amended from time to time, between, among others, Funding 1, the Funding 1 security trustee, the issuer and the issuer security trustee and each deed of accession or supplement entered into in connection therewith;

Funding 1 payment date means, in relation to the term advances, the date which is the 21st day of each month or, if not a business day, the next business day;

Funding 1 security trustee means Citicorp Trustee Company Limited and its successors or any other security trustee under the Funding 1 deed of charge;

global notes means the Rule 144A global notes and the Reg S global notes;

holder has the meaning indicated in Condition 1.2;

increase amount has the meaning indicated in Condition 5.9(a)(i) (in relation to the class Z GIC collateral notes) or 5.10(a)(i) (in relation to the class Z variable funding notes), as applicable;

increase date has the meaning indicated in Condition 5.9 (in relation to the class Z GIC collateral notes) or 5.10 (in relation to the class Z variable funding notes), as applicable;

intercompany loan means, at any time, the aggregate of all term advances advanced under the intercompany loan agreement;

intercompany loan agreement means the loan agreement entered into on the programme closing date, as amended from time to time, between, among others, Funding 1, the issuer, the issuer security trustee and the Funding 1 security trustee, as amended from time to time;

interest commencement date means, in respect of any series and class (or sub-class) of notes, the closing date of such notes or such other date as may be specified as such for such notes in the applicable final terms (or, in the case of exempt notes, the applicable pricing supplement);

interest payment date means, in respect of a series and class (or sub-class) of notes, the issuer payment dates specified as such in the applicable final terms (or, in the case of exempt notes, the applicable pricing supplement), subject to the appropriate business day convention, if any, specified (in relation to a series and class (or sub-class) of notes) in the applicable final terms (or, in the case of exempt notes, the applicable pricing supplement);

ISDA Definitions means the 2006 ISDA Definitions, as published by the International Swaps and Derivatives Association, Inc. and as amended and updated as at the closing date of the first series of notes;

issuer account bank means Nationwide or such other person for the time being acting as account bank to the issuer under the issuer bank account agreement;

issuer bank accounts means the issuer transaction account and any other account opened and maintained by the issuer with the issuer account bank pursuant to the transaction documents;

issuer bank account agreement means the bank account agreement entered into on the programme closing date, as amended from time to time, between the issuer, the issuer cash manager, the issuer account bank and the issuer security trustee;

issuer cash management agreement means the cash management agreement dated on or about the programme closing date, as amended from time to time, between, amongst others, the issuer cash manager, the issuer and the issuer security trustee;

issuer cash manager means Nationwide or such other person or persons for the time being acting, under the issuer cash management agreement, as agent, *inter alia*, for the issuer;

issuer deed of charge means the deed of charge entered into on the programme closing date, as amended from time to time, between, among others, the issuer and the issuer security trustee and each deed of accession or supplement entered into in connection therewith;

issuer payment date means the date which is the 21st day of each month or, if not a London business day, the next London business day;

issuer priority of payments means the issuer pre-enforcement revenue priority of payments, the issuer pre-enforcement principal priority of payments or the issuer post-enforcement priority of payments, as the case may be, each as set out in the issuer cash management agreement or the issuer deed of charge (as the case may be);

issuer secured creditors means the issuer security trustee (and any receiver appointed under the issuer deed of charge), the note trustee, the issuer swap providers, the issuer corporate services provider, the post-enforcement option holder corporate services provider, the issuer account bank, the issuer cash manager, the paying agents, the agent bank, the transfer agent, the exchange rate agent, the registrar and the noteholders and any new issuer secured creditor who accedes to the issuer deed of charge from time to time under a deed of accession or a supplemental deed;

issuer security means the security created by the issuer pursuant to the issuer deed of charge;

issuer security trustee means Citicorp Trustee Company Limited and its successors or any other security trustee under the issuer deed of charge;

issuer swap agreement means the ISDA master agreements, schedules thereto and confirmations thereunder relating to the currency and/or interest rate swaps to be entered into on each closing date and any credit support annexes or other credit support documents entered into at any time, as amended from time to time, among the issuer and the applicable issuer swap provider and/or any credit support provider and includes any additional and/or replacement issuer swap agreement entered into by the issuer from time to time in connection with the notes;

issuer swap providers means the institutions identified in respect of each issuer swap agreement in the applicable final terms (or, in the case of exempt notes, the applicable pricing supplement) or a supplementary prospectus related to the relevant series and class (or sub-class) of notes;

issuer transaction account means the day-to-day bank account of the issuer, held with the issuer account bank as at the programme closing date pursuant to the terms of the issuer bank account agreement;

issuer means Silverstone Master Issuer PLC;

LIBOR means the London inter-bank offered rate;

listed notes means each series and class (or sub-class) of notes which is admitted to the official list maintained by the FCA and admitted to trading on the London Stock Exchange's main market;

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 the London Stock Exchange plc;

loss calculation date means in respect of any series and class of maturity purchase notes, the date specified in the applicable final terms (or, in the case of exempt notes, the applicable pricing supplement);

margin means, in respect of any series and class (or sub-class) of notes, the amount specified as such for such notes in the applicable final terms (or, in the case of exempt notes, the margin specified in the applicable pricing supplement or such other margin as the seller may determine in accordance with Condition 4.7);

master definitions and construction schedule means the master definitions and construction schedule dated the programme closing date, as amended from time to time, setting out, among other things, definitions which apply to certain transaction documents;

maturity purchase deed means any maturity purchase deed entered into in connection with the issuance of any series and class of maturity purchase notes between, among others, the issuer, the issuer cash manager, the maturity purchaser, the note trustee and the principal paying agent as amended and restated from time to time;

maturity purchase notes means any series and class of notes identified as such in the applicable final terms (or, in the case of exempt notes, the applicable pricing supplement);

maximum rate of interest means, in respect of any series and class (or sub-class) of notes, the rate of interest specified as such for such notes in the applicable final terms (or, in the case of exempt notes, the applicable pricing supplement);

minimum rate of interest means, in respect of any series and class (or sub-class) of notes, the rate of interest specified as such for such notes in the applicable final terms (or, in the case of exempt notes, the applicable pricing supplement);

Nationwide means Nationwide Building Society, a building society incorporated in England and Wales under the Building Societies Act 1986, as amended (Register number 355B) whose principal office is at Nationwide House, Pipers Way, Swindon SN38 1NW;

note acceleration notice has the meaning indicated in Condition 9.6;

note determination date means the determination date immediately preceding each interest payment date;

note event of default means the occurrence of an event of default by the issuer as specified in Condition 9;

note principal payment has the meaning indicated in Condition 5.3;

note trust deed means the trust deed entered into on the programme closing date as amended from time to time between the issuer and the note trustee, and each supplemental deed entered into in connection therewith;

note trustee means Citicorp Trustee Company Limited and its successors or any further or other note trustee under the note trust deed, as trustee for the noteholders;

noteholders means the holders for the time being of the notes;

notes means any global notes or definitive notes;

pass-through trigger event means any of the following events:

(a) a trigger event;

(b) the service of a note acceleration notice by the note trustee on the issuer; or

(c) the service of an intercompany loan acceleration notice by the issuer security trustee on Funding 1;

paying agent and agent bank agreement means the paying agent and agent bank agreement entered into on the programme closing date, as amended from time to time, between, among others, the issuer, the paying agents, the transfer agent, the exchange rate agent, the registrar, the agent bank and the issuer security trustee;

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;

pricing supplement means, in relation to any exempt notes, the pricing supplement issued in relation to such exempt notes as a supplement to these conditions and giving details of, inter alia, the amount and price of such exempt notes and which is endorsed upon, or attached to, each relevant global note and each relevant definitive note;

principal amount outstanding has the meaning indicated in Condition 5.3;

principal paying agent means Citibank, N.A., 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 closing date means 25 July 2008;

prospectus means, in relation to the notes, the base prospectus as supplemented by the final terms (or, in the case of exempt notes, the pricing supplement) relating to each series and class (or sub-class) of notes;

rate of interest and **rates of interest** means, in respect of any series and class (or sub-class) of 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, in the case of exempt notes, the applicable pricing supplement) or calculated and determined in accordance with the applicable final terms (or, in the case of exempt notes, the applicable pricing supplement);

rating agencies means each of S&P Global Ratings Europe Limited, Moody's Investors Service Limited and Fitch Ratings Ltd. and any further or replacement rating agency appointed by the issuer with the approval of the note trustee to give a credit rating to the notes of any series;

record date has the meaning set out in Condition 6.7;

reference price means, in respect of any series and class (or sub-class) of notes, the price specified as such for such notes in the applicable final terms (or, in the case of exempt notes, the applicable pricing supplement);

reference rate means, in respect of any series and class (or sub-class) of notes, the rate specified as such for such notes in the applicable final terms (or, in the case of exempt notes, the applicable pricing supplement);

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 notes that are issued pursuant to Regulations S;

register means the register of noteholders kept by the registrar and which records the identity of each noteholder and the number of notes that each noteholder owns;

registrar means Citibank, N.A., London Branch in its capacity as registrar at its specified office or such other person for the time being acting as registrar under the paying agent and agent bank agreement;

relevant date has the meaning set out in Condition 7 (Prescription);

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 14;

relevant screen page means, in respect of any series and class (or sub-class) of notes, the screen page specified as such for such notes in the applicable final terms (or, in the case of exempt notes, the applicable pricing supplement);

Rule 144A means Rule 144A under the Securities Act;

Rule 144A global notes means the note certificates representing the Rule 144A notes while in global form;

Rule 144A notes means each series and class (or sub-class) of notes which are sold in the United States only to qualified institutional buyers within the meaning of Rule 144A;

Securities Act means the United States Securities Act of 1933, as amended;

series means, in relation to the notes, all notes (of any class) issued on a given day and designated as such;

series and class (or sub-class) means a particular class (or sub-class) of notes of a given series;

specified currency means, in respect of any series and class (or sub-class) of notes, the currency or currencies specified as such for such notes in the applicable final terms (or, in the case of exempt notes, the applicable pricing supplement);

specified currency exchange rate means, in relation to a series and class (or sub-class) of notes, the exchange rate specified in the issuer swap agreement relating to such series and class (or sub-class) of notes or, if the issuer swap agreement has been terminated, the applicable spot rate;

specified date has the meaning indicated in Condition 11.6;

specified denomination means, in respect of any series and class (or sub-class) of notes, the denomination specified as such for such notes in the applicable final terms (or, in the case of exempt notes, the applicable pricing supplement) which shall be €100,000 or more (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 issuer and the note trustee pursuant to the paying agent and agency bank agreement;

sterling, **pounds sterling** or **£** means the lawful currency for the time being of the United Kingdom of Great Britain and Northern Ireland;

sterling notes means each series and class (or sub-class) of notes denominated in sterling;

sub-unit means, with respect to any currency other than sterling, the lowest amount of such currency that is available as legal tender in the country of such currency and, with respect to sterling, one pence;

tender instruction means the instruction to be delivered by the DTC tender agent on behalf of any holder of maturity purchase notes to DTC in accordance with the usual procedures of DTC;

term A advances means the term advances made by the issuer to Funding 1 under the intercompany loan agreement from the proceeds of issue of the class M notes of any series;

term AA advances means the term advances made by the issuer to Funding 1 under the intercompany loan agreement from the proceeds of issue of the class B notes of any series;

term AAA advances means the term advances made by the issuer to Funding 1 under the intercompany loan agreement from the proceeds of issue of the class A notes of any series;

term advances means the term AAA advances, the term AA advances, the term A advances, the term BBB advances, the term BB advances and the term NR advances, being the advances made by the issuer to Funding 1, pursuant to the intercompany loan agreement, each being funded from proceeds received by the issuer from the issue of a series and class (or sub-class) of notes, including the term NR GIC collateral advances and the term NR VFN advances, as applicable;

term BB advances means the term advances made by the issuer to Funding 1 under the intercompany loan agreement from the proceeds of issue of the class D notes of any series;

term BBB advances means the term advances made by the issuer to Funding 1 under the intercompany loan agreement from the proceeds of issue of the class C notes of any series;

term NR advances means the term advances made by the issuer to Funding 1 under the intercompany loan agreement from the proceeds of issue of the class Z notes of any series, including a term NR GIC collateral advance and a term NR VFN advance;

term NR GIC collateral advance means a term advance made by the issuer to Funding 1 under the intercompany loan agreement from the proceeds of issue and drawings on the class Z GIC collateral note and includes any further advances made in respect thereof;

term NR VFN advance means a term advance made by the issuer to Funding 1 under the intercompany loan agreement from the proceeds of issue and drawings on the class Z variable funding note and includes any further advances made in respect thereof;

transaction documents has the meaning set out in the master definitions and construction schedule;

transfer agent means Citibank, N.A., London Branch 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 instruction means the electronic transfer and blocking instruction to be delivered by any holder of maturity purchase notes to Euroclear and Clearstream, Luxembourg, in accordance with the usual procedures of such clearing systems;

USD-LIBOR means the London inter-bank offered rate for deposits in U.S. dollars; and

U.S. paying agent means Citibank, N.A., 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.

FORM OF FINAL TERMS

Set out below is the form of final terms which will be completed for each series of notes and which have a denomination of €100,000 (or its equivalent in any other currency) or more issued under the programme.

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 (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 (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 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 the Insurance Distribution Directive, 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.

Final Terms dated [●]
(to the [preliminary] base prospectus dated [●] 2023 [, as supplemented on [●]])

SILVERSTONE MASTER ISSUER PLC
(incorporated in England and Wales with limited liability with registered number 06612744)

Legal entity identifier (LEI): 549300P6OXWKM20QS303

Residential Mortgage Backed Note Programme

Issue of Series [●] Notes

Series	Class	Interest rate	Initial principal amount	Issue price	Scheduled redemption dates	Final Maturity date
[●]	[●]	[●]	[●]	[●]%	[●]	[●]
[●]	[●]	[●]	[●]	[●]%	[●]	[●]
[●]	[●]	[●]	[●]	[●]%	[●]	[●]
[●]	[●]	[●]	[●]	[●]%	[●]	[●]
[●]	[●]	[●]	[●]	[●]%	[●]	[●]
[●]	[●]	[●]	[●]	[●]%	[●]	[●]
[●]	[●]	[●]	[●]	[●]%	[●]	[●]
[●]	[●]	[●]	[●]	[●]%	[●]	[●]
[●]	[●]	[●]	[●]	[●]%	[●]	[●]

Terms used herein shall be deemed to be defined as such for the purposes of the conditions set forth in the [preliminary] base prospectus dated [●] 2023[, 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, superceded or substituted from time to time (the **EUWA**) (the **UK Prospectus Regulation**). 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. Full information on the issuer and the offer of the notes is only available on the basis of the combination of the final terms and the base prospectus. The base prospectus is available for viewing at http://www.londonstockexchange.com/exchange/news/market-news/market-news-home.html and copies may be obtained from the registered office of the issuer at c/o Wilmington Trust SP Services (London) Limited, Third Floor, 1 King's Arms Yard, London EC2R 7AF.

[The [issue][Series] 20[●]-[●] notes have not been and will not be registered under the United States Securities Act of 1933, as amended, or the state securities laws of any state of the United States and the [issue][Series] 20[●]-[●] notes may not be offered, sold or delivered 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 qualified institutional buyers within the meaning of Rule 144A who are also qualified purchasers within the meaning of the United States Investment Company Act of 1940, as amended, and the rules and regulations thereunder, 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.]

Arranger for the programme

Nationwide Building Society

[Dealers]

[●] **[●]** **[●]**

CONTRACTUAL TERMS

[**To be repeated for each class of notes of the applicable series**]

Series and Class:			[●]
1.	Issuer:		Silverstone Master Issuer PLC
2.	Specified Currency or Currencies:		[●]
3.	Initial Principal Amount:		[●]
4.	(a)	Issue Price:	[●]% of the Aggregate Nominal Amount [plus accrued interest from [●]]
	(b)	[Net] [Gross] proceeds:	[●]
5.	Required Subordination Percentage:		Class [●] Required Subordination Percentage: [●]%
6.	Funding 1 Reserve Required Amount:		[●]/[For all Notes issued by the issuer, at least £[●]]
7.	Ratings:		The Notes to be issued [have been]/[are expected to be rated]: [S&P [●]] [Moody's [●]] [Fitch [●]]
8.	Specified Denominations:		[●]
9.	(a)	Closing Date:	[●]
	(b)	Interest Commencement Date:	[●]
	(c)	First Interest Payment Date:	[●]
10.	Final Maturity Date:		[Fixed rate - [●]] [Floating rate - Interest Payment Date falling on or nearest to [●]]
11.	(a)	Interest Basis:	[[●]% Fixed Rate] [[Compounded Daily SONIA/Average SONIA/Compounded Daily SOFR/Average

Series and Class:			[●]
			SOFR/Average €STR/Compounded Daily €STR/EURIBOR] +/- [●]% Floating Rate] [Zero Coupon] (further particulars specified below)
	(b)	Index Determination	[Applicable/Not Applicable/[●]]
12.	Redemption/Payment Basis:		[Bullet Redemption] [Scheduled Redemption] [Pass-through] [Redeemable in full on [each interest payment date] [●]]
13.	Change of Interest Basis or Redemption/Payment Basis:		[Not applicable] / [Following [the earlier of] [a Trigger Event] [the enforcement of the issuer security] [and] [enforcement of the Funding security] Compounded Daily SONIA/Average SONIA/Compounded Daily SOFR/Average SOFR/Average €STR/Compounded Daily €STR/[●]/[●]EURIBOR/[●]] +/- [●]% Floating Rate]/[●]
14.	(a)	Listing:	London.
	(b)	Estimate of total expenses related to admission to trading:	[●]/[For all Series [●] Notes, an aggregate amount of £[●]].
15.	Status of the Notes:		Direct, secured and unconditional obligation of the issuer.
16.	[Date of [Board] approval for issuance of the Notes obtained:]		[[●]/Not Applicable]
17.	Method of distribution:		[Syndicated/Non-syndicated/Not Applicable]
Provisions relating to interest (if any) payable			
18.	Fixed Rate Note Provisions:		[Applicable/Not Applicable]
	(a)	Rate(s) of Interest:	[●]% per annum [payable [annually/semi-annually/quarterly] in arrear]
	(b)	Interest Payment Date(s):	[The Issuer Payment Dates falling in [*list months*] in each year up to and including the Final Maturity Date [or following a Pass-Through Trigger Event, each Payment Date up to and including the Final Maturity Date]
	(c)	Fixed Coupon Amount(s):	[●] per [●] in nominal amount

Series and Class:		[●]
(d)	Broken Amount(s):	[●] [Not Applicable]
(e)	Day Count Fraction:	[30/360]/[Actual/Actual (ICMA)]
(f)	Determination Date(s):	[●] in each year
(g)	Indication of Yield:	[●]
19.	Floating Rate Note Provisions:	[Applicable/Not Applicable]
(a)	Specified Period(s)/Specified Interest Payment Dates:	[The Issuer Payment Dates falling in [*list months*] in each year up to and including the Final Maturity Date, [or following the occurrence of a [Pass-Through Trigger Event], each Issuer Payment Date 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]
(c)	Additional Business Centre(s):	[●]
(d)	Manner in which the Rate of Interest and Interest Amount is to be determined:	[Screen Rate Determination/ISDA Determination]
(e)	Screen Rate Determination:	
	• Reference Rate:	Compounded Daily SONIA/Average SONIA/Compounded Daily SOFR/Average SOFR/Average €STR/Compounded Daily €STR/[●]/[●]EURIBOR/[●]] [or, in respect of the first interest period [the linear interpolation of [●] month [●] and [●] month [●]] [As at the date of this final terms, the administrator of [insert benchmark] is included in the register of administrators and benchmarks established and maintained by ESMA pursuant to article 36 of the EU Benchmark Regulation.][As far as the issuer is aware, the transitional provisions in Article 51 of the EU Benchmarks Regulation apply, such that the administrator of [name of benchmark] is not currently required to obtain authorisation or registration (or, if located outside the EU, recognition, endorsement or equivalence).]

Series and Class:	[●]
	[As at the date of this final terms, the administrator of [insert benchmark] is included in the register of administrators and benchmarks established and maintained by ESMA pursuant to article 36 of the UK Benchmark Regulation.][As far as the issuer is aware, the transitional provisions in Article 51 of the UK Benchmarks Regulation apply, such that the administrator of [name of benchmark] is not currently required to obtain authorisation or registration (or, if located outside the UK, recognition, endorsement or equivalence).]
• Interest Determination Date(s):	[●]
• Term Rate:	[Applicable/Not Applicable/[●]]
• Specified Time:	[[11.00 a.m./[●]] in the Relevant Financial Centre] / [Not Applicable]
• Relevant Financial Centre:	[London/New York/[●]] / [Not Applicable]
• Overnight Rate:	[Applicable/Not Applicable/[●]]
• Index Determination	[Applicable/Not Applicable/[●]]
• Relevant Number:	[[5 / [●]] [[London Banking Days]/[US Government Securities Business Days]/[TARGET Business Days]/[Not Applicable]
• Observation Method:	[Not Applicable/Lag/Lock-out/Shift]
• Observation Look Back Period:	[●] / [Not Applicable] [unless otherwise agreed with the [Principal Paying Agent] / [[●], being the party responsible for the calculation of the Rate of Interest], (being no less than 5 [London Banking Days] / [US Government Securities Business Days] / [TARGET Business Days])
• Lock-Out Date:	[[●]/[London Business Days]/[US Government Securities Business Days]/[TARGET Business Days]/[Not Applicable]]
• Relevant Screen Page:	[●]
(f) ISDA Determination:	
• Floating Rate Option:	[●]

Series and Class:		[●]
	• Designated Maturity:	[●]
	• Reset Date:	[●]
(g)	Margin(s):	[+/-] [●]% per annum
(h)	Minimum Rate of Interest:	[Not Applicable/[●]% per annum]
(i)	Maximum Rate of Interest:	[Not Applicable/[●]% per annum]
(j)	Step-Up Date:	[Not Applicable/Interest Payment Date occurring in [●]]
	• [Step-Up Margin(s):	[+/-] [●]% per annum [Investors should note that the Step-Up Margin is lower than the Margin]
	• Step-Up Minimum Rate of Interest:	[[●]% per annum]/[Not Applicable]
	• Step-Up Maximum Rate of Interest:	[[●]% per annum]/[Not Applicable]
(k)	Day Count Fraction:	[Actual/Actual (ISDA) Actual/365 Actual/365 (Fixed) Actual/365 (Sterling) Actual/360 30/360 30E/360]
20.	Zero Coupon Note Provisions:	[Applicable/Not Applicable]
(a)	Accrual Yield:	[●]% per annum
(b)	Reference Price:	[●]
(c)	Any other formula/basis of determining amount payable:	[●]
(d)	Day Count Fraction in relation to Early Redemption Amounts and late payment:	[Conditions [4.6] and [●]

Series and Class:			[●]

General provisions applicable to the Notes

21.	(a)	Form of Notes:	[Reg S Note registered in the name of a nominee for [a common depositary for Euroclear and Clearstream, Luxembourg/a common safekeeper for Euroclear and Clearstream, Luxembourg]]/[with respect to a class (or sub-class) of class Z notes only a nominee(s) for the note purchaser and/or dealer, respectively] [Rule 144A Note registered in the name of a nominee for [DTC/a common depositary for Euroclear and Clearstream, Luxembourg/a common safekeeper for Euroclear and Clearstream, Luxembourg].]
	(b)	New Safekeeping Structure:	[Yes/No.]
22.	Talons for future Coupons or Receipts to be attached to Definitive Notes (and dates on which such Talons mature):		[Yes/No.]
23.	Details relating to Bullet Redemption Notes:		[Applicable/Not Applicable]
	(a)	Redemption Amount:	[●]
	(b)	Bullet Redemption Date:	Interest Payment Date occurring in [●]
24.	Details relating to Scheduled Redemption Notes:		[Applicable/Not Applicable]
	(a)	Scheduled Redemption Dates:	Interest Payment Dates occurring in [●] and thereafter each Interest Payment Date
	(b)	Scheduled Amortisation Instalments (as a percentage of the original Principal Amount Outstanding of the relevant Class of Notes):	[●]: [●]%
	(c)	Scheduled Amortisation Instalments (aggregate as a percentage of the original Principal Amount Outstanding of the relevant Class of Notes):	[●]: [●]%
	(d)	Scheduled Amortisation Instalments	[●]:[●]

Series and Class:		[●]
	(e) Scheduled Amortisation Instalments (aggregate)	[●]:[●]
25.	Optional Redemption:	
	(a) Conditions 5.4 and 5.5:	[Applicable/Not Applicable]
	(b) Optional Redemption Date:	[●]
	(c) Other terms:	[●]
	(d) Redemption in part:	[Applicable/Not Applicable]
26.	Details relating to Pass-Through Notes:	[Applicable/Not Applicable] *(If applicable, add:* [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.	Redemption Amount:	[Condition [5.6] applicable][●]]
28.	Early redemption amount payable on redemption for taxation reasons or an event of default or other early redemption and/or method of calculating the same (if required or if different from that set out in the Conditions):	[Condition [5.6] applicable][●]
29.	Issuer Swap Provider:	[Nationwide Building Society/Not Applicable]
30.	Specified currency exchange rate (Sterling/specified currency):	£1.00/[●]
	Other rate applicable to the currency swaps:	[●]/[Not applicable]
31.	Redenomination applicable:	Redenomination [not] applicable
32.	ERISA eligibility:	Only the class A Rule 144A notes, the class B Rule 144A notes and the class M Rule 144A notes are eligible for offer and sale to employee benefit or other plans subject to Title I of ERISA or Section 4975 of the Code, and to entities, accounts or arrangements whose underlying assets are, or are treated for purposes of such provisions of law as, the assets of such plans ("**Benefit Plan Investors**"), as well as governmental, church, non-U.S. or other plans subject to any U.S. or non-U.S., federal, state or local law or regulation that is substantially

Series and Class:		[●]
		similar to the provisions of Section 406 of ERISA or Section 4975 of the Code ("**Similar Law**"), subject to the considerations in "**ERISA Considerations**" in the base prospectus.
33.	U.S. Taxation:	[[Debt]/[Not Debt] for United States federal income tax purposes, subject to the considerations contained in "**United States federal taxation**" in the base prospectus][Not applicable]
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 [*date no more than [135] days prior to closing date*], measured in accordance with the provisions of the U.S. Credit Risk Retention Requirements]
35.	Money Market Notes (2a-7):	[Yes/No]
	(a) Money Market Note Purchaser:	[●]
	(b) 2a-7 Swap Provider (if applicable):	[●]
36.	Maturity Purchase Notes:	[Yes/No]
	(a) Scheduled Transfer Date:	[●]
	(b) Loss Calculation Date:	[●]
	(c) Maturity Purchaser:	[●]
Distribution		
37.	(a) If syndicated, names [and addresses] of Dealers:	[Not Applicable/[●]]
	(b) Stabilising Manager (if any):	[Not Applicable/[●]]
	(c) If non-syndicated, name of relevant Dealer:	[[●]/Not Applicable]
38.	US selling restrictions:	[3(c)(7); Rule 144A; Reg. S Category]
Operational Information		
39.	Any clearing system(s) other than DTC, Euroclear, or Clearstream, Luxembourg and the relevant identification numbers:	[Not Applicable/[●]]

Series and Class:		[●]
40.	Delivery:	Delivery [against/free of payment]
41.	ISIN Code:	[●]
42.	Common Code:	[●]
43.	CFI Code:	
44.	FISN:	
45.	CUSIP:	[●]
46.	Intended to be held in a manner which would allow Eurosystem eligibility:	[[Yes. Note that the designation "yes" means that the Notes are intended upon issue to be deposited with one of the ICSDs as common safekeeper [or registered in the name of a nominee of one of the ICSDs acting as common safekeeper,] and does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon satisfaction of the Eurosystem eligibility criteria.] [No. Whilst the designation is specified as "no" at the date of these Final Terms, should the Eurosystem eligibility criteria be amended in the future such that the Notes are capable of meeting them the Notes may then be deposited with one of the ICSDs as common safekeeper [(and registered in the name of a nominee of one of the ICSDs acting as common Safekeeper]. Note that this does not necessarily mean that the Notes will then be recognised as eligible collateral for Eurosystem monetary policy and intraday credit operations by the Eurosystem at any time during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.]]
Term advance Information		
47.	Borrower:	Silverstone Funding (No. 1) Limited
48.	Tier of Term Advance:	[●]
49.	Series Number:	Series [●]

Series and Class:			[●]
50.	Designation of Term Advance:		[Bullet Term Advance/Scheduled Amortisation Term Advance/Pass-Through Term Advance]
51.	Initial Principal Amount:		£[●]
	(a)	Closing Date:	[●]
	(b)	Interest Commencement Date:	[●]
52.	(a)	Initial interest rate per annum:	[Compounded Daily SONIA/Average SONIA/[●]] [+/-] [●]%
	(b)	Index Determination	[Applicable/Not Applicable/[●]]
53.	Step-Up Date (if any):		[The Funding 1 payment date occurring in [●]/Not Applicable]
54.	(a)	Stepped-up interest rate per annum:	[Compounded Daily SONIA/Average SONIA/[●] [+/-] [●]%]/[Not Applicable]
	(b)	Index Determination	[Applicable/Not Applicable/[●]]
55.	Details relating to Bullet Term Advances:		[Applicable/Not Applicable]
•	Bullet Repayment Date/Repayment Amount/Relevant Accumulation Amount:		[●]
56.	Details relating to Scheduled Amortisation Term Advances:		[Applicable/Not Applicable]
•	Scheduled Repayment Dates:		[Funding 1 Payment Dates occurring in [●] and [●]]
•	Repayment Amounts:		[●]: £[●]
•	Relevant Accumulation Amounts:		[Applicable/Not Applicable]
•	If Scheduled Repayment Amounts do not add up to the Principal Amount:		[Where the Scheduled Repayment Amounts for a Scheduled Amortisation Term Advance do not add up to the principal amount of that Scheduled Amortisation Term Advance, the remaining amounts will be due and payable on the Interest Payment Date immediately following the Interest Payment Date on which the final Scheduled Repayment Amount is due and payable.]
57.	Details relating to Pass-Through Term Advances:		[Applicable. This Pass-Through Term Advance [will/will not] be a Rule 1(D) Lower Percentage

Series and Class:		[●]
		Pass-Through Term Advance[, and the Rule 1(D) Lower Percentage will be [●]%]] [Not Applicable]
58.	Final Repayment Date:	The Funding 1 Payment Date falling on [●]
59.	Funding 1 Payment Dates:	[*to match payment date of notes/swaps for corresponding series of notes*]
60.	AA PDL (revenue shortfall) percentage	[●]
61.	A PDL (revenue shortfall) percentage	[●]
62.	BBB PDL (revenue shortfall) percentage	[●]
63.	BB PDL (revenue shortfall) percentage	[●]
Remarketing Arrangements		
64.	Do the Notes have the benefit of remarketing arrangements:	[Yes/No]
	If yes:	
	• Mandatory transfer date:	[●]
	• Maximum reset margin:	[●]
	• Remarketing transfer arrangements:	[●]
	• Other details	[●]

OTHER INFORMATION

Listing and Admission to Trading

[Application has been made to the FCA in its capacity as competent authority under the FSMA for the [●] notes to be admitted to the official list of the FCA (the **Official List**). Application has also been made to the London Stock Exchange for each class of the [●] notes to be admitted to trading on the main market of the London Stock Exchange with effect from [●]. Admission to the Official List together with admission to the London Stock Exchange's main market (being a regulated market for the purposes of the Regulation (EU) No 600/2014 on markets in financial instruments as it forms part of domestic law by virtue of the EUWA) constitutes official listing on the London Stock Exchange.]

Interests of Natural and Legal Persons Involved in the Issue

[Save for any fees payable to the [managers/dealers], so far as the issuer is aware, no person involved in the issue of the notes has an interest material to the offer. [The managers/dealers and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform other services for, the Issuer and its affiliates in the ordinary course of business.]]

Start-up term advance

The start-up loan to be made available to Funding 1 on the closing date in connection with Series [●] will have the following terms:

Start-up loan provider:	Nationwide Building Society
Initial outstanding principal balance:	£[●]
Interest rate:	[●] per annum

Other series issued

As of the closing date, the aggregate principal amount outstanding of Notes issued by the Issuer (converted, where applicable, into sterling at the applicable specified currency exchange rate), including the Notes described herein, will be:

Class A Notes	£[●]
Class B Notes	£[●]
Class M Notes	£[●]
Class C Notes	£[●]
Class D Notes	£[●]
Class Z Notes (other than Class Z GIC Collateral Notes and Class Z Variable Funding Notes)	£[●]
Class Z GIC Collateral Notes	£[●]
Class Z Variable Funding Notes	£[●]

Other term advances

As of the closing date, the aggregate outstanding principal amount of term advances advanced by the issuer to Funding 1 under the intercompany loan agreement, including the term advances described herein will be:

AAA	£[●]
AA	£[●]

A	£[●]
BBB	£[●]
BB	£[●]
NR (other than NR GIC Collateral and NR VFN)	£[●]
NR GIC Collateral	£[●]
NR VFN	£[●]

Mortgages Trust and the Portfolio

Trust Property

As at the relevant closing date:

- the minimum seller share will be approximately £[●];
- [the amount used to determine OC in item **X** in the definition of minimum seller share is [●]];
- the Funding 1 share of the trust property will be approximately £[●] representing approximately [●]% of the trust property; and
- the seller share of the trust property will be approximately £[●] representing approximately [●]% of the trust property.

The actual amounts of the Funding 1 share of the trust property and the seller share of the trust property as at the closing date will not be determined until the closing date which will be after the date of these final terms.

Alternative measure of OC used in item **X** of the definition of Minimum Seller Share: [●] / [Not applicable]

Non-asset trigger event

For the purposes of paragraph (d)(i) of the definition of non-asset trigger event (which defines the minimum trust size), the aggregate outstanding balance of loans comprising the trust property must be (i) in respect of the period up to and including the trust calculation date in [●], £[●]; and (ii) in respect of the period from but excluding the trust calculation date in [●], £[●]. See "**The Mortgages Trust—Cash management of trust property – principal receipts**" in the base prospectus.

The required aggregate outstanding balance of loans, as determined in accordance with the preceding paragraph, constitutes the **minimum trust size**.

Fitch Conditions

Original Weighted Average LTV Margin: [●]%

Current Weighted Average LTV Margin: [●]%

Current Weighted Average Income Multiple Threshold: [●] times

Original LTV Margin: [●]

Funding 1 Provisions

Minimum Yield

[The Minimum Yield is [the weighted average of Compounded Daily SONIA + [●]%, weighted by the outstanding intercompany loan balances that reference Compounded Daily SONIA (unless otherwise amended in any subsequent final terms)]/[●].]

Mortgage Collateral Required Credit Enhancement (or Required Mortgage Collateral Amount)

The Mortgage Collateral Required Credit Enhancement (or Required Mortgage Collateral Amount) applicable from the relevant closing date is [●]%.

Funding 1 Cash Accumulation Period

With respect to the Series [●] Class [●] Notes, for the purposes of paragraph (b) of the definition of Funding 1 cash accumulation period, the number of months shall be [●] as at the date of these final terms.

[With respect to each of the Series [●] Class [●] Notes, the Series [●] Class [●] Notes and the Series [●] Class [●] Notes, the Funding 1 cash accumulation period shall not commence earlier than the date falling [●] months prior to the applicable bullet redemption date. (Delete if not applicable).]

[With respect to each of the Series [●] Class [●] Notes, the Series [●] Class [●] Notes and the Series [●] Class [●] Notes, the Funding 1 cash accumulation period shall not commence earlier than the date falling [●] months prior to the applicable scheduled redemption date. (Delete if not applicable).]

Repayment of term advances before a trigger event and before intercompany loan acceleration or acceleration of all notes - Rule (1) – Repayment deferrals

For the purposes of paragraph (C) of **Rule (1) – Repayment deferrals**, X shall be equal to [●]%.

In respect of a Rule 1(D) lower percentage pass-through term advances the Rule 1(D) lower percentage is: [●] / [Not applicable]

Provisions relating to the Funding 1 Swap Agreement

Funding 1 Swap Premium: £[●] (if applicable)

Party A Fixed Amount: £[●] (if applicable)

Interest payment date[s] for payment of Party A Fixed Amount: [●] (if applicable)

[Loan Balance in respect of the Fixed Rate Loans: [●]]

[Loan Balance in respect of the SMR Rate Loans: [●]]

[Loan Balance in respect of the BMR Rate Loans: [●]]

[Relevant Spread in respect of the Transaction with the Confirmation entitled "Swap Confirmation—Funding 1 Swap (Fixed Rate Loans SONIA)": [●]%]

[Relevant Spread in respect of the Transaction with the Confirmation entitled "Swap Confirmation—Funding 1 Swap (SMR Loans SONIA)": [●]%]

[Relevant Spread in respect of the Transaction with the Confirmation entitled "Swap Confirmation—Funding 1 Swap (BMR Loans SONIA)": [●]%]

Replenishment of General Reserve Fund

Following the occurrence of an arrears or step-up trigger event, the general reserve fund will be replenished from any Funding 1 available revenue receipts to be paid in accordance with item (q) of the Funding 1 pre-enforcement revenue priority of payments up to and including an amount equal to the sum of the Funding 1 reserve required amount and:

(a) if an arrears or step-up trigger event has occurred under item (i) only of the arrears or step-up trigger event definition, £[●];

(b) if an arrears or step-up trigger event has occurred under item (ii) only of the arrears or step-up trigger event definition, £[●]; and

(c) if an arrears or step-up trigger event has occurred under both items (i) and (ii) of the arrears or step-up trigger event definition, £[●].

Interest-only mortgages level test

For the purposes of the definition of "interest-only mortgages level test", C shall be [●]% as at the date of these final terms which percentage may change from time to time.

Use of proceeds

The gross proceeds from the issue of the series [●] notes equal approximately £[●] (after exchanging, where applicable, the proceeds of the notes for sterling, calculated by reference to the applicable specified currency exchange rate) and will be used by the issuer to make available term advances to Funding 1 pursuant to and in accordance with the terms of the intercompany loan agreement. Funding 1 will use the gross proceeds of each term advance (other than a term NR GIC collateral advance) to [make available an initial contribution to the mortgages trustee][make a further contribution to the mortgages trustee][fund or replenish the general reserve fund][refinance the existing notes of Funding 1] on the closing date.

Maturity and prepayment considerations

Weighted average life refers to the average amount of time that will elapse from a certain date to the date of distribution to the investor of amounts distributed in net reduction of principal of a security to zero (assuming no losses). The weighted average lives of the relevant notes (as defined below) will be influenced by, among other things, the actual rate of repayment of the loans in the portfolio.

Set out in the table below are the expected weighted average lives of the [●] Notes (together, the **Relevant Notes**) under the following scenario and based on the assumptions also described below. The following scenario is presented: [no changes to the Programme—assumes a starting portfolio balance as of [●] of £[●]].

Noteholders should note that while this scenario reflects the current intentions of the issuer, no assurance can be given that any scenario can be, or will be, implemented as described.

The average lives of each class of the Relevant 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 these classes of notes can be made based on certain assumptions. For example, based on the assumptions that:

1. neither the issuer security nor the Funding 1 security has been enforced;

2. each series and class (or sub-class) of the Relevant Notes is repaid in full by its final maturity date;

3. the seller is not in breach of the terms of the mortgage sale agreement;

4. the seller does not sell any loans to the mortgages trustee after the closing date (except to the extent required to maintain the minimum seller share) and the loans are assumed to amortise in accordance with the assumed principal payment rate (which includes both scheduled and unscheduled repayments) as indicated in the table below;

5. the seller sells to the mortgages trustee sufficient loans and their related security to ensure that the seller share remains at least at [●]% of the trust property and/or to ensure that the trust size remains at least equal to the minimum trust size. For the avoidance of doubt, any sale of loans and their related security will only occur if the conditions precedent in clause 4.2 of the mortgage sale agreement are satisfied;

6. neither an asset trigger event nor a non-asset trigger event occurs;

7. no event occurs that would cause payments on scheduled amortisation term advances or pass-through term advances to be deferred (unless such advances are deferred in accordance with Rules (1)(C), (1)(D) or (2));

8. the annualised principal payment rate is assumed to be constant at the various assumed rates in the table below and item M in the calculation of Funding 1 cash accumulation period is also assumed to correspond to this value;

9. there is a balance of [●] in the Funding 1 cash accumulation ledger on [[●]/immediately following the [●] interest payment date];

10. the closing date is [●];

11. all interest payment dates occur on the 21st of each calendar month without adjustment for Business Day Convention, and a day count fraction of Act/365 is utilised;

12. the issuer exercises its option to redeem notes issued by the issuer on the relevant optional redemption date, but does not exercise its option to make scheduled amortisation instalments for scheduled redemption notes (if not met in full through the relevant priority of payments) falling on interest payment dates that are before the optional redemption date;

13. the loans in the portfolio are not subject to any defaults or losses and no loans in the portfolio have fallen into arrears;

14. no interest or fees are paid from principal receipts; and

15. the long-term, unsecured, unsubordinated and unguaranteed debt obligations of the seller are rated at least "A3" by Moody's,

the approximate average life in years of each class of the series [●] notes, measured from [●] at various assumed rates of principal payment of the loans, would be as set out in the tables below.

The actual characteristics and performance of the Loans are likely to differ from the assumptions set out above. The following tables are hypothetical in nature and are provided only to give a general sense of how the principal cash flows might behave under varying prepayment scenarios and the particular

scenario outlined above. For example, it is not expected that the Loans will prepay at a constant rate until maturity, that all of the Loans will prepay at the same rate or that there will be no defaults or delinquencies on the Loans. Moreover, the diverse remaining terms to maturity and mortgage rates of the Loans could produce slower or faster principal distributions than indicated in the tables at the various percentages of assumed principal payment rate specified, even if the weighted average remaining term to maturity and weighted average mortgage rates of the Loans are as assumed. Any difference between such assumptions and/or the particular scenario outlined above, and the actual characteristics and performance of the Loans, or actual principal payment of loss experience (or the nature of implementation or otherwise of the scenario set out above) may affect the percentage of the initial amount outstanding of the Notes which are outstanding over time and cause the weighted average lives of the Notes to differ (which difference could be material) from the corresponding information in the tables for each indicated percentage principal payment rate. The average lives of the notes are subject to factors largely outside the control of the issuer and consequently no assurance can be given that 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—If property values decline payments on the notes could be adversely affected**" in the base prospectus.

	Constant Principal Payment Rate						
	5%	**10%**	**15%**	**20%**	**25%**	**30%**	**35%**
Series [●] Class [●]	[●]	[●]	[●]	[●]	[●]	[●]	[●]

Assumptions (1), (2), (3), (4), (5), (6), (7), (8), (11), (12), (13) and (14) relate to circumstances which are not predictable. [No assurance can be given that the issuer will be in a position to redeem the notes on the step-up date. If the issuer does not so exercise its option to redeem, then the average lives of the then outstanding notes would be extended.]

Statistical information on the portfolio

The statistical and other information contained in these final terms has been compiled by reference to the loans in the following scenario: loans in the portfolio securing the Notes as at [●] (the **cut-off date**).

Columns stating percentage amounts may not add up to 100% due to rounding. A loan will be removed from any portfolio (which comprises a portion of the cut-off date portfolio) if 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 relevant determination date. Except as otherwise indicated, these tables have been prepared using the relevant true balance of the loans in the portfolio as at the cut-off date.

The portfolio as at the cut-off date consisted of loans originated or acquired by Nationwide and secured over properties located in England, Wales, Northern Ireland and Scotland, and having an aggregate true balance as stated below, as at that date.

A small proportion of the mortgages in the portfolio as at the cut-off date were extended to the relevant borrowers in connection with the purchase by those borrowers of properties from local authorities or certain other landlords under the **right-to-buy schemes** governed by the Housing Act 1985 (as amended by the Housing Act 2004) or (as applicable) the Housing (Scotland) Act 1987 (as amended by the Housing (Scotland) Act 2001) or (as applicable) the Housing (NI) Order 1983 (as amended).

Outstanding balances as at the cut-off date

The following table shows the range of true balances as at the cut-off date.

Range of true balances as at the Cut-Off Date	**Aggregate true balance as at the Cut-Off Date (£)**	**% of total**	**Number of mortgage accounts**	**% of total**
£0 – £24,999.99	£[●]	[●]%	[●]	[●]%
£25,000 – £49,999.99	£[●]	[●]%	[●]	[●]%

Range of true balances as at the Cut-Off Date	Aggregate true balance as at the Cut-Off Date (£)	% of total	Number of mortgage accounts	% of total
£50,000 – £74,999.99	£[●]	[●]%	[●]	[●]%
£75,000 – £99,999.99	£[●]	[●]%	[●]	[●]%
£100,000 – £124,999.99	£[●]	[●]%	[●]	[●]%
£125,000 – £149,999.99	£[●]	[●]%	[●]	[●]%
£150,000 – £174,999.99	£[●]	[●]%	[●]	[●]%
£175,000 – £199,999.99	£[●]	[●]%	[●]	[●]%
£200,000 – £224,999.99	£[●]	[●]%	[●]	[●]%
£225,000 – £249,999.99	£[●]	[●]%	[●]	[●]%
£250,000 – £299,999.99	£[●]	[●]%	[●]	[●]%
£300,000 – £349,999.99	£[●]	[●]%	[●]	[●]%
£350,000 – £399,999.99	£[●]	[●]%	[●]	[●]%
£400,000 – £449,999.99	£[●]	[●]%	[●]	[●]%
£450,000 – £499,999.99	£[●]	[●]%	[●]	[●]%
£500,000 – £549,999.99	£[●]	[●]%	[●]	[●]%
£550,000 – £599,999.99	£[●]	[●]%	[●]	[●]%
£600,000 – £649,999.99	£[●]	[●]%	[●]	[●]%
£650,000 – £699,999.99	£[●]	[●]%	[●]	[●]%
£700,000 – £749,999.99	£[●]	[●]%	[●]	[●]%
£750,000 +	£[●]	[●]%	[●]	[●]%
Totals	£[●]	100.00%	[●]	100.00%

The maximum, minimum and average outstanding principal balance of the loans as of the cut-off date were £[●], £[●] and £[●], respectively.

The aggregate outstanding principal balance of all loans to a single borrower does not exceed 2% of the aggregate outstanding principal balance of all loans as of the cut-off date.

LTV ratios at origination

The following table shows the range of LTV ratios, which express the true balance of the aggregate of loans in the mortgage accounts (excluding capitalised arrears, insurance fees, booking fees and valuation fees) as at the date of the initial loan origination divided by the value of the property securing the loans in that mortgage account.

Range of LTV ratios as at origination*	Aggregate true balance as at the Cut-Off Date (£)	% of total	Number of mortgage accounts	% of total
0.00% – 25.00%	£[●]	[●]%	[●]	[●]%
25.01% – 50.00%	£[●]	[●]%	[●]	[●]%
50.01% – 75.00%	£[●]	[●]%	[●]	[●]%
75.01% – 80.00%	£[●]	[●]%	[●]	[●]%
80.01% – 85.00%	£[●]	[●]%	[●]	[●]%
85.01% – 90.00%	£[●]	[●]%	[●]	[●]%
90.01% – 95.00%	£[●]	[●]%	[●]	[●]%
95.01% – 100.00%	£[●]	[●]%	[●]	[●]%
Totals	£[●]	100.00%	[●]	100.00%

**Excluding capitalised arrears, insurance fees, booking fees and valuation fees.*

The maximum, minimum and weighted average original LTV ratio of all the loans in the mortgage accounts (excluding any capitalised arrears, insurance fees, booking fees and valuation fees) at origination were [●]%,[●]% and [●]%, respectively.

Cut-off date Indexed LTV ratios

The following table shows the range of LTV ratios, which express the true balance of the aggregate of loans within the mortgage accounts as at the cut-off date divided by the indexed valuation of the property securing the loans in that mortgage account.

Range of LTV ratios as at the Cut-Off Date	Aggregate true balance as at the Cut-Off Date (£)	% of total	Number of mortgage accounts	% of total
0.00% – 24.99%	£[●]	[●]%	[●]	[●]%

25.00% – 49.99%	£[●]	[●]%	[●]	[●]%
50.00% – 75.99%	£[●]	[●]%	[●]	[●]%
75.00% – 79.99%	£[●]	[●]%	[●]	[●]%
80.00% – 84.99%	£[●]	[●]%	[●]	[●]%
85.00% – 89.99%	£[●]	[●]%	[●]	[●]%
90.00% – 94.99%	£[●]	[●]%	[●]	[●]%
95.00% – 99.99%	£[●]	[●]%	[●]	[●]%
100.00% +	£[●]	[●]%	[●]	[●]%
Totals	£[●]	100.00%	[●]	100.00%

The maximum, minimum and weighted average indexed LTV ratio as at the cut-off date of all the loans within the mortgage accounts were [●]%, [●]% and [●]%, respectively.

Geographical distribution

The following table shows the distribution of properties securing the loans throughout England, Wales, Northern Ireland and Scotland as at the cut-off date. No such properties are situated outside England, Wales, Northern Ireland or Scotland. The seller's lending criteria and current credit scoring tests do not take into account the geographical location of the property securing a loan.

Regions	**Aggregate true balance as at the Cut-Off Date (£)**	**% of total**	**Number of mortgage accounts**	**% of total**
Unknown	£[●]	[●]%	[●]	[●]%
East Anglia	£[●]	[●]%	[●]	[●]%
East Midlands	£[●]	[●]%	[●]	[●]%
London	£[●]	[●]%	[●]	[●]%
North	£[●]	[●]%	[●]	[●]%
North West	£[●]	[●]%	[●]	[●]%
Northern Ireland	£[●]	[●]%	[●]	[●]%
Outer Metropolitan	£[●]	[●]%	[●]	[●]%
Outer South East	£[●]	[●]%	[●]	[●]%
Scotland	£[●]	[●]%	[●]	[●]%
South West	£[●]	[●]%	[●]	[●]%
Wales	£[●]	[●]%	[●]	[●]%
West Midlands	£[●]	[●]%	[●]	[●]%
Yorkshire & Humberside	£[●]	[●]%	[●]	[●]%
Totals	£[●]	100.00%	[●]	100.00%

Seasoning of loans

The following table shows the number of months since the date of origination of the initial loan up to the cut-off date. Where a customer has more than one loan in a mortgage account this is shown in the relevant row of the following table.

Age of loans in months as of Cut-Off Date	**Aggregate true balance as at the Cut-Off Date (£)**	**% of total**	**Number of loans**	**% of total**
<= 5.99	£[●]	[●]%	[●]	[●]%
6.00 to 11.99	£[●]	[●]%	[●]	[●]%
12.00 to 17.99	£[●]	[●]%	[●]	[●]%
18.00 to 23.99	£[●]	[●]%	[●]	[●]%
24.00 to 29.99	£[●]	[●]%	[●]	[●]%
30.00 to 35.99	£[●]	[●]%	[●]	[●]%
36.00 to 41.99	£[●]	[●]%	[●]	[●]%
42.00 to 47.99	£[●]	[●]%	[●]	[●]%
48.00 to 53.99	£[●]	[●]%	[●]	[●]%
54.00 to 59.99				
60.00 to 65.99				
66.00 to 71.99				
72.00 >=	£[●]	[●]%	[●]	[●]%
Totals	£[●]	100.00%	[●]	100.00%

The maximum, minimum and weighted average seasoning of loans as at the cut-off date was [●], [●] and [●] months, respectively.

Years to maturity of loans

The following table shows the number of remaining years of the term of the loans as at the cut-off date. Where a customer has more than one loan in a mortgage account this is shown in the relevant row of the following table.

Years to maturity	Aggregate true balance as at the Cut-Off Date (£)	% of total	Number of loans	% of total
0 to <5	£[●]	[●]%	[●]	[●]%
5 to <10	£[●]	[●]%	[●]	[●]%
10 to <15	£[●]	[●]%	[●]	[●]%
15 to <20	£[●]	[●]%	[●]	[●]%
20 to <25	£[●]	[●]%	[●]	[●]%
25 to <30	£[●]	[●]%	[●]	[●]%
30 to <35	£[●]	[●]%	[●]	[●]%
35+	£[●]	[●]%	[●]	[●]%
Totals	£[●]	100.00%	[●]	100.00%

The maximum, minimum and weighted average remaining term of the loans as at the cut-off date was [●], [●] and [●] years, respectively.

Purpose of loan

The following table shows whether the purpose of the initial loan on origination was to finance the purchase of a new property or to remortgage a property already owned by the borrower.

Use of proceeds	Aggregate true balance as at the Cut-Off Date (£)	% of total	Number of mortgage accounts	% of total
Purchase	£[●]	[●]%	[●]	[●]%
Remortgage	£[●]	[●]%	[●]	[●]%
Totals	£[●]	100.00%	[●]	100.00%

Repayment terms

The following table shows the repayment terms for each individual loan as at the cut-off date. Where a customer has more than one loan in a mortgage account this is shown in the relevant row of the following table.

Repayment terms	Aggregate true balance as at the Cut-Off Date (£)	% of total	Number of loans	% of total
Combination	£[●]	[●]%	[●]	[●]%
Interest Only	£[●]	[●]%	[●]	[●]%
Repayment	£[●]	[●]%	[●]	[●]%
Totals	£[●]	100.00%	[●]	100.00%

Product groups

The following table shows the distribution of special rate loans as at the cut-off date. Where a customer has more than one loan in a mortgage account, this is shown in the relevant row of the following table.

Type of rate	Aggregate true balance as at the Cut-Off Date (£)	% of total	Number of loans	% of total
Fixed	£[●]	[●]%	[●]	[●]%
Tracker	£[●]	[●]%	[●]	[●]%
Variable	£[●]	[●]%	[●]	[●]%
Totals	£[●]	100.00%	[●]	100.00%

Payment methods

The following table shows the payment methods in respect of the loans as at the cut-off date.

Payment method	Aggregate true balance as at the Cut-Off Date (£)	% of total balance	Number of mortgage accounts	% of total
Direct Debit	£[●]	[●]%	[●]	[●]%
Other	£[●]	[●]%	[●]	[●]%
Totals	£[●]	100.00%	[●]	100.00%

Property Types

The following table shows the property types in respect of the loans as at the cut-off date.

Property types	Aggregate true balance as at the Cut-Off Date (£)	% of total	Number of mortgage accounts	% of total
Detached	£[●]	[●]%	[●]	[●]%
Flat	£[●]	[●]%	[●]	[●]%
Maisonette	£[●]	[●]%	[●]	[●]%
Other	£[●]	[●]%	[●]	[●]%
Semi-Detached	£[●]	[●]%	[●]	[●]%
Terraced	£[●]	[●]%	[●]	[●]%
Totals	£[●]	100.00%	[●]	100.00%

Distribution of fixed rate loans

As at the cut-off date, approximately [●]% of the loans in the portfolio were fixed rate loans. The following tables shows the distribution of fixed rate loans by their fixed rate of interest as at such date, and the year in which the loans cease to bear a fixed rate of interest and instead bear a floating rate of interest.

Fixed rate loans remain at the relevant fixed rate for a period of time as specified in the offer conditions, after which they move to a variable base rate or some other rate as specified in the offer conditions. Where a customer has more than one loan in a mortgage account, this is shown in the relevant row of the following table.

Current interest rate of fixed rate loans	Aggregate true balance as at the Cut-Off Date (£)	% of total	Number of loans	% of total fixed rate holdings
0.00% - 0.99%.....	£[●]	[●]%	[●]	[●]%
1.00% - 1.99%.....	£[●]	[●]%	[●]	[●]%
2.00% - 2.99%.....	£[●]	[●]%	[●]	[●]%
3.00% - 3.99%.....	£[●]	[●]%	[●]	[●]%
4.00% - 4.99%.....	£[●]	[●]%	[●]	[●]%
5.00% + ...	£[●]	[●]%	[●]	[●]%
Totals	£[●]	100.00%	[●]	100.00%

Year in which current fixed rate period ends	Aggregate true balance as at the Cut-Off Date (£)	% of total	Number of loans	% of total loans
2019	£[●]	[●]%	[●]	[●]%
2020	£[●]	[●]%	[●]	[●]%
2021	£[●]	[●]%	[●]	[●]%
2022	£[●]	[●]%	[●]	[●]%
2023	£[●]	[●]%	[●]	[●]%
2024	£[●]	[●]%	[●]	[●]%
2025	£[●]	[●]%	[●]	[●]%
2026	£[●]	[●]%	[●]	[●]%
2027	£[●]	[●]%	[●]	[●]%
2028	£[●]	[●]%	[●]	[●]%
2029	£[●]	[●]%	[●]	[●]%
2030	£[●]	[●]%	[●]	[●]%
2031	£[●]	[●]%	[●]	[●]%
2032	£[●]	[●]%	[●]	[●]%
[●]	£[●]	[●]%	[●]	[●]%

N/A	£[●]	[●]%	[●]	[●]%
Totals	£[●]	100.00%	[●]	100.00%

Payment rate analysis

The following table shows the annualised payment rate for the most recent one-, three- and 12-month period for the loans in the portfolio.

As of month-end	One-month annualised	Three-month annualised	12 month-annualised
[●]	[●]%	[●]%	[●]%

In the table above,

- one-month annualised CPR is calculated as 1 – ((1 – R) ^ 12),
- three-month annualised CPR is calculated as the average of the one-month annualised CPR for the most recent three months, and
- 12-month annualised CPR is calculated as the average of the one-month annualised CPR for the most recent 12 months,

where in each case 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 true balance of the loans in the portfolio as at the start of that period.

Write offs and recoveries of Nationwide[1]

The following table shows write offs and recoveries of Nationwide across its entire mortgage book, excluding the results of its specialist lending books.

Year ended 4 April	Write offs £m	Recoveries £m	Net write offs £m	Mortgage balance £m	Write off balance %	Net write offs %
2007	[●]	[●]	[●]	[●]	[●]	[●]
2008[*]	[●]	[●]	[●]	[●]	[●]	[●]
2009[*]	[●]	[●]	[●]	[●]	[●]	[●]
2010[*]	[●]	[●]	[●]	[●]	[●]	[●]
2011[*]	[●]	[●]	[●]	[●]	[●]	[●]
2012[*]	[●]	[●]	[●]	[●]	[●]	[●]
2013[*]	[●]	[●]	[●]	[●]	[●]	[●]
2014[*]	[●]	[●]	[●]	[●]	[●]	[●]
2015[*]	[●]	[●]	[●]	[●]	[●]	[●]
2016[*]	[●]	[●]	[●]	[●]	[●]	[●]
2017[*]	[●]	[●]	[●]	[●]	[●]	[●]
2018[*]	[●]	[●]	[●]	[●]	[●]	[●]

* Figures for [2008 to 2018] exclude loans originated by Cheshire Building Society, Derbyshire Building Society and Dunfermline Building Society.

[1] Includes Nationwide originated and Nationwide branded prime loans only

Delinquency and loss experience of the Nationwide mortgage portfolio

The following tables summarise arrears experience for the loans contained in the Nationwide mortgage portfolio as at the dates specified in the table. The seller will represent and warrant on each sale date that no loan to be transferred to the mortgages trust on such sale date will have experienced any arrears in the prior 12 months. Outstanding balances of loans in arrears and outstanding balances of arrears are reported on a net basis, excluding all loans in arrears which are performing loans. Numbers of loans in arrears are reported on a gross basis, including all loans in arrears which are performing loans. Performing loans are defined by Nationwide as loans where six months of payments have been received over the last six months.

Nationwide identifies a loan as being in arrears where an amount equal to or greater than a full month's contractual payment is past its due date.

Number of months in arrears	**Aggregate true balance as at the Cut-Off Date (£)**	**% of total**	**Number of mortgage accounts**	**% of total**
0.00 - 0.99	[●]	[●]	[●]	[●]
1.00 - 1.99	[●]	[●]	[●]	[●]
2.00 - 2.99	[●]	[●]	[●]	[●]
3.00 - 5.99	[●]	[●]	[●]	[●]
6.00 - 8.99	[●]	[●]	[●]	[●]
9.00 - 11.99	[●]	[●]	[●]	[●]
12.00 >=	[●]	[●]	[●]	[●]
Totals.....	[●]	[●]	[●]	[●]

Loans in the Nationwide mortgage portfolio[2]

	Financial Years Ending:											
	4 April 2007	4 April 2008*	4 April 2009*	4 April 2010*	4 April 2011*	4 April 2012*	4 April 2013*	4 April 2014*	4 April 2015*	4 April 2016*	4 April 2017*	4 April 2018*
Outstanding balance (£ millions)	[●]	[●]	[●]	[●]	[●]	[●]	[●]	[●]	[●]	[●]	[●]	[●]
Number of loans outstanding	[●]	[●]	[●]	[●]	[●]	[●]	[●]	[●]	[●]	[●]	[●]	[●]
Outstanding balance of loans in arrears (£ millions)	[●]	[●]	[●]	[●]	[●]	[●]	[●]	[●]	[●]	[●]	[●]	[●]
Payments in arrears = 2 to <3	[●]	[●]	[●]	[●]	[●]	[●]	[●]	[●]	[●]	[●]	[●]	[●]
Payments in arrears = 3 to <6	[●]	[●]	[●]	[●]	[●]	[●]	[●]	[●]	[●]	[●]	[●]	[●]
Payments in arrears = 6 to <8	[●]	[●]	[●]	[●]	[●]	[●]	[●]	[●]	[●]	[●]	[●]	[●]
Payments in arrears of 8 or over	[●]	[●]	[●]	[●]	[●]	[●]	[●]	[●]	[●]	[●]	[●]	[●]
Total true balance of loans in arrears	[●]	[●]	[●]	[●]	[●]	[●]	[●]	[●]	[●]	[●]	[●]	[●]
Total true balance of loans 6 months or more in arrears	[●]	[●]	[●]	[●]	[●]	[●]	[●]	[●]	[●]	[●]	[●]	[●]
Total true balance of loans 6 payments or more in arrears as % of the true balance	[●]%	[●]%	[●]%	[●]%	[●]%	[●]%	[●]%	[●]%	[●]%	[●]%	[●]%	[●]%

Outstanding balance of arrears (£ millions)	4 April 2007	4 April 2008*	4 April 2009*	4 April 2010*	4 April 2011*	4 April 2012*	4 April 2013*	4 April 2014*	4 April 2015*	4 April 2016*	4 April 2017*	4 April 2018*
Payments in arrears = 2 to <3	[●]	[●]	[●]	[●]	[●]	[●]	[●]	[●]	[●]	[●]	[●]	[●]
Payments in arrears = 3 to <6	[●]	[●]	[●]	[●]	[●]	[●]	[●]	[●]	[●]	[●]	[●]	[●]
Payments in arrears = 6 to <8	[●]	[●]	[●]	[●]	[●]	[●]	[●]	[●]	[●]	[●]	[●]	[●]
Payments in arrears of 8 or over	[●]	[●]	[●]	[●]	[●]	[●]	[●]	[●]	[●]	[●]	[●]	[●]
Total balance of arrears	[●]	[●]	[●]	[●]	[●]	[●]	[●]	[●]	[●]	[●]	[●]	[●]
Total balance of arrears on loans 6 payments or more in arrears (£ millions)	[●]	[●]	[●]	[●]	[●]	[●]	[●]	[●]	[●]	[●]	[●]	[●]
Total balance of arrears on loans 6 payments or more in arrears as % of the true balance	[●]%	[●]%	[●]%	[●]%	[●]%	[●]%	[●]%	[●]%	[●]%	[●]%	[●]%	

Number of Loans:	4 April 2007	4 April 2008*	4 April 2009*	4 April 2010*	4 April 2011*	4 April 2012*	4 April 2013*	4 April 2014*	4 April 2015*	4 April 2016*	4 April 2017*	4 April 2018*
Payments in arrears 3-6 months	[●]	[●]	[●]	[●]	[●]	[●]	[●]	[●]	[●]	[●]	[●]	[●]
Payments in arrears 6-9 months	[●]	[●]	[●]	[●]	[●]	[●]	[●]	[●]	[●]	[●]	[●]	[●]
Payments in arrears 9-12 months	[●]	[●]	[●]	[●]	[●]	[●]	[●]	[●]	[●]	[●]	[●]	[●]
Payments in arrears 12 + months	[●]	[●]	[●]	[●]	[●]	[●]	[●]	[●]	[●]	[●]	[●]	[●]
Total number of loans in arrears	[●]	[●]	[●]	[●]	[●]	[●]	[●]	[●]	[●]	[●]	[●]	[●]
Total number of loans with 6+ month arrears	[●]	[●]	[●]	[●]	[●]	[●]	[●]	[●]	[●]	[●]	[●]	[●]
Total number of loans with 6+ months arrears as a % of number of loans outstanding	[●]%	[●]%	[●]%	[●]%	[●]%	[●]%	[●]%	[●]%	[●]%	[●]%	[●]%	[●]%

* Figures for [2008 to 2018] exclude loans originated by Cheshire Building Society, Derbyshire Building Society and Dunfermline Building Society.

[2] Includes Nationwide originated and Nationwide branded prime loans only

There can be no assurance that the future arrears experience with respect to the loans comprising the Nationwide mortgage portfolio will correspond to the historical experience with respect to the loans as set forth in the foregoing table. If the property market experiences a further decline in property values so that the value of the properties in the Nationwide mortgage portfolio falls or (in the case of properties which are currently below the principal balances of the relevant loan) remains below the principal balances of the loans comprising the overall pool, the actual rates of arrears could be significantly higher than those previously experienced, as borrowers may no longer be able to refinance their loans or sell their properties and move to more affordable properties. 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 and losses with respect to the loans in the Nationwide mortgage portfolio. Noteholders should observe that the United Kingdom 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 would rise.

[*Environmental performance*

The administrative records of the seller do not contain any information related to the environmental performance of the property securing the loans.] / [The following sets out information related to the environmental performance of [●] properties securing [●] loans as of [●]: [●].]

[*EU Securitisation Regulation Reporting*

The seller (as originator) will undertake (i) for so long as the series 20[●]-[●] notes remain 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 equivalence 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) as required by and in accordance with Article 7(1)(e) of the EU Securitisation Regulation (as such regulation is in force as at the issue date in respect of such series of notes);

(b) certain loan-by-loan 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 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 in respect of such series of notes) without delay.

The information set out above shall be published on the website of Euro ABS Limited (https://www.euroabs.com/IH.aspx?d=11842) or as otherwise required by the EU Securitisation Regulation.]

[*UK STS Requirements*

The seller, as originator, [has]/[has not] procured a UK STS notification to be submitted to the FCA, in accordance with Article 27 of the UK Securitisation Regulation that the UK STS requirements have been satisfied with respect to the series 20[●]-[●] notes. It is expected that the UK STS notification will be available on the website of the FCA. For the avoidance of doubt, this website and the contents thereof do not form part of this Final Terms.]

[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 an assessment of the compliance of the series 20[●]-[●] notes with the UK STS requirements and prepare an STS assessment. [It is expected that the STS assessment prepared by the Authorised Verification Agent, together with detailed explanations of its scope, will be available on the website of such agent ([●]). For the avoidance of doubt, this website and the contents thereof do not form part of this Final Terms.]

[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 your notes**" in the Risk Factors section of the prospectus). Each of Funding 1 and the 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 "**Servicing Agreement—Undertakings by the servicer**" in the prospectus), noting that such requirement is contingent upon the seller failing to perform under the relevant swap agreements with respect to the BMR/SMR rates, being in default or becoming insolvent;

- with respect to tracker rate loans, the interest rate on such loans is calculated by reference to BBR, which closely correlates with SONIA rates;

- a requirement in the mortgage sale agreement that any new loans, product switches or further advances proposed to be included in the portfolio will not cause the average yield of the portfolio (taking into account the swap agreements) to fall below defined thresholds (see "**The mortgage sale agreement—Conditions for sale of loans**" in the prospectus);

- with respect to the Issuer, it fully hedges its obligations as the Issuer lends the proceeds of any offering of Notes to Funding 1 pursuant to the intercompany loan terms and conditions, 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 1 pursuant to the intercompany loan terms and conditions on the same terms as the notes with respect to currency and interest rate;

- with respect to Funding 1, Funding 1 obtains its share of revenue generated on a monthly basis from the fixed rate, BMR, SMR and tracker rate loans, where with respect to the fixed rate, BMR and SMR loans, Funding 1 has entered into swap agreements, and with respect to tracker rate loans relies on the high correlation between BMR, and/or SONIA rates; 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 1 and the Seller.

Except for the purpose of hedging interest-rate or currency risk, none of the Issuer, Funding 1 or the Mortgages Trustee will enter into derivative contracts, for purposes of Article 21(2) of the UK Securitisation Regulation.

The following table shows the correlation between the interest rates indicated for the periods indicated:

Interest Rates Correlations for the period from [●] to [●]					
	BBR	**SONIA**	**BMR**	**SMR**	
BBR	[●]	[●]	[●]	[●]	
SONIA	[●]	[●]	[●]	[●]	
BMR	[●]	[●]	[●]	[●]	
SMR	[●]	[●]	[●]	[●]	

Interest Rates Correlations for the period from [●] to [●]					
	BBR	**SONIA**	**BMR**	**SMR**	
BBR	[●]	[●]	[●]	[●]	
SONIA	[●]	[●]	[●]	[●]	
BMR	[●]	[●]	[●]	[●]	
SMR	[●]	[●]	[●]	[●]	

Interest Rates Correlations for the period from [●] to [●]					
	BBR	**SONIA**	**BMR**	**SMR**	
BBR	[●]	[●]	[●]	[●]	
SONIA	[●]	[●]	[●]	[●]	
BMR	[●]	[●]	[●]	[●]	
SMR	[●]	[●]	[●]	[●]	

Source: Nationwide, Bloomberg]

Verification of data

The seller has caused a sample of the loans (including the data disclosed in respect of those loans) to be externally verified by one or more appropriate and independent third parties. 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 (as well as an agreed upon procedures review, amongst other things, of the conformity of the loans in the portfolio with certain of the eligibility criteria (where applicable)) 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 portfolio**" and "**Static Pool Data**"] of this Final Terms 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.]

[Updates to "**Characteristics of the United Kingdom residential mortgage market**" in the base prospectus]

House price index

The table under the heading "House price index" shall be supplemented by the following table:

	Retail Price Index		Nationwide House Price Index		Halifax House Price Index	
Quarter	**Index**	**% Annual Change**	**Index**	**% Annual Change**	**Index**	**% Annual Change**
[●].....	[●]	[●]	[●]	[●]	[●]	[●]

Source: Office for National Statistics and Nationwide. "NA" indicates that the relevant figure is not available.

Series issued by issuer and term advances advanced to Funding 1 in connection therewith

Term Advance	Interest rate	Initial principal amount	Scheduled Repayment Date	Final Maturity date
Series [●] Class [●] Term [●] Advance	[[●] Fixed rate]/[[●] [●] per cent. Floating rate]	£[●]	[The Funding 1 payment dates in [●] and [●]]/[Not Applicable]	[●]

STATIC POOL DATA

The tables in the following pages set out, to the extent material, static pool information with respect to all mortgage loans originated by Nationwide or other members of the Nationwide group (other than Cheshire Building Society, Derbyshire Building Society and Dunfermline Building Society). The tables show, for originations in each year the distribution of such loans originated in that year by delinquency category as at each year end. In preparing the static pool information in the following pages, accounts entering possession have been reflected in the "In Possession" line of each table. As accounts entering possession will also be in arrears, the same accounts have been included in the figures provided for the relevant delinquency category. The issuer has not included static pool information on prepayments because changes in prepayment and payment rates are not anticipated to have a significant effect on future payments on the notes for a number of reasons: including that the mechanics of the mortgages trust require an extended cash accumulation period when prepayment rates fall below certain minima dictated by the rating agencies, serving to limit the extent to which slow prepayments would cause the average lives of the notes to extend. Conversely, rapid prepayments should not cause the average lives of the notes to shorten so long as the seller maintains the minimum required mortgages trust size. Furthermore, only a limited amount of note principal in relation to the mortgages trust size is actually due to be repaid on any particular interest payment date.

The sale of 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 foreclosure frequency (**WAFF**) and the weighted average loss severity (**WALS**), minimum yield after the sale and maximum LTV for the loans in the mortgages trust after the sale. See a description of these conditions in "**The mortgage sale agreement—Conditions for sale of loans**" in the base prospectus.

In the following tables, delinquency category corresponds to the number of monthly contractual repayment amounts in arrears. Delinquency rates represent the closing balances of loans in a particular category as a percentage of aggregate closing balances.

Arrears by Year of Origination – Nationwide Building Society
Loans originated in the year specified as at each specified date

Loans originated in [●]

[*Year*]

	Aggregate balance (£)	Number of loans	% of aggregate balance	% of number of loans
<2 months	[●]	[●]	[●]	[●]
>=2 and <3 months	[●]	[●]	[●]	[●]
>=3 and <6 months	[●]	[●]	[●]	[●]
>=6 and <9 months	[●]	[●]	[●]	[●]
>=9 and <12 months	[●]	[●]	[●]	[●]
>=12 months	[●]	[●]	[●]	[●]
In possession	[●]	[●]	[●]	[●]
Closed	[●]	[●]	[●]	[●]
Totals	[●]	[●]	[●]	[●]

Listing and admission to trading application

This document comprises the final terms required for the notes described herein to be admitted to the Official List of the FCA and admitted to trading on the London Stock Exchange's main market pursuant to the Residential Mortgage Backed Note Programme of Silverstone Master Issuer PLC.

Responsibility

The issuer accepts responsibility for the information contained in these final terms.

Signed on behalf of the issuer:

By: .....
Duly authorised

[End Of Form of Final Terms]

FORM OF PRICING SUPPLEMENT

Set out below is the form of pricing supplement for use in connection with exempt notes issued under the Programme. The exempt notes will not form part of the base prospectus and will not be compliant with the UK Prospectus Regulation. The FCA will neither approve nor review information contained in any pricing supplement in connection with the issuance of exempt notes.

Pricing Supplement dated [●]
(to the base prospectus dated [●] 2023[, as supplemented on [●]])

SILVERSTONE MASTER ISSUER PLC
(incorporated in England and Wales with limited liability with registered number 06612744)

Residential Mortgage Backed Note Programme

Issue of Series [●] Notes

Series	Class	Interest rate	Initial principal amount	Issue price	Scheduled redemption dates	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 [●] 2023[, as supplemented on [●]]. This document constitutes the pricing supplement (the **pricing supplement**) of the notes described herein and must be read in conjunction with the base prospectus. Full information on the issuer and the offer of the notes is only available on the basis of the combination of the pricing supplement and the base prospectus. The base prospectus may be obtained from the registered office of the issuer at c/o Wilmington Trust SP Services (London) Limited, Third Floor, 1 King's Arms Yard, London EC2R 7AF. The exempt notes do not form part of the base prospectus and are not compliant with Regulation (EU) 2017/1129 as it forms part of UK domestic law by virtue of the European Union (Withdrawal) Act 2018 as amended, varied, superceded or substituted from time to time (the **EUWA**) (the **UK Prospectus Regulation**). The Financial Conduct Authority (the **FCA**) in its capacity as competent authority under the Financial Services and Markets Act 2000 (the **FSMA**) has neither approved or reviewed information contained in this pricing supplement in connection with the exempt notes.

[The [issue][Series] 20[●]-[●] notes have not been and will not be registered under the United States Securities Act of 1933, as amended, or the state securities laws of any state of the United States and the [issue][Series] 20[●]-[●] notes may not be offered, sold or delivered 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 qualified institutional buyers within the meaning of Rule 144A who are also qualified purchasers within the meaning of the United States Investment Company Act of 1940, as amended, and the rules and regulations thereunder, 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.]

Arranger for the programme

Nationwide Building Society

[Dealers]

[●] [●] [●]

CONTRACTUAL TERMS

[**Contractual terms of the exempt notes to be inserted.**]

OTHER INFORMATION

[**Other information related to the exempt notes to be inserted.**]

[End of Form of Pricing Supplement]

MATERIAL LEGAL ASPECTS OF THE LOANS

The following discussion is a summary of the material legal aspects of English, Scottish and Northern Irish 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 its property. The second party is the mortgagee, who is the lender. Each English loan will be secured by an English mortgage which has a first ranking priority over all other mortgages secured on the property and over all unsecured creditors of the borrower. Borrowers may create a subsequent mortgage or other secured interest over the relevant property without the consent of the seller, though such other mortgage or interest will rank below the seller's mortgage in priority.

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 title number. Prior to 13 October 2003 title to the land was established by a land certificate or (in the case of land which is subject to a mortgage or charge) charge certificate containing official copies of the entries on the register relating to that land, however, pursuant to the Land Registration Act 2002 which came into force on 13 October 2003 the provision of land certificates and charge certificates has now been abolished. Title to land and any mortgage is now established by reference to entries on the Land Register, which is held electronically so that no paper title document is issued.

There are four classes of registered title although generally only two of these (absolute and good leasehold) will be acceptable as good for mortgage purposes). A person registered with title absolute owns the land free from all interests other than those entered on the register and certain "overriding" interests (in the case of good leasehold title, ownership is also subject to any matters affecting freehold or leasehold title out of which the land is granted).

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, these plans may not be conclusive as to matters such as the precise location of boundaries.

Unregistered title

Since November 1997 all land in England and Wales has been subject to compulsory registration on the happening of any of a number of trigger events, which include the granting of a first legal mortgage. This means that, in the case of all mortgages granted since November 1997, the title to the property and the mortgage itself must (if not already done so) be registered.

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 by undertaking an official search which will afford a priority of approximately six weeks. If the mortgagee submits a proper application for registration during this period, its interest will take priority over any other mortgage application for registration which is received by the Land Registry during this period.

The absence of registration will risk loss of priority if a subsequent mortgage is registered, and will create difficulties in enforcing security in that it is usually necessary for registration to be effected in order to convey good title to a third party buyer. However, where a subsequent mortgagee gives notice of a further charge over the same property to a prior mortgagee, the priority of the prior mortgagee only extends to amounts advanced at or before the time such notice is received, unless the prior mortgagee is under a legal obligation to make further advances.

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 "**Risk Factors—There may be risks associated with the fact that the mortgages trustee has no legal title to the loans and their related security, which may adversely affect payments on your notes**".

Enforcement of mortgages

If a borrower defaults under an English loan, the English mortgage conditions provide that all monies under the English 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 English 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.

A court order under section 126 of the CCA is necessary to enforce a land mortgage in certain circumstances.

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 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 called 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. Borrowers may create a subsequent standard security over the relevant property without the consent of the seller. Upon intimation to the seller (in its capacity as trustee for the mortgages trustee pursuant to the relevant Scottish declaration of trust) of any subsequent standard security the prior ranking of the seller's standard security shall be restricted to security for advances made prior to such intimation and advances made subsequent to such intimation which the seller or the mortgages trustee is obliged to advance, and 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 redemption and enforcement, and in particular the notice and other procedures that are required to be carried out prior 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 and now 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 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. Between 22 January 2007 and 8 December 2014 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 be available in electronic form only. With the coming into force of the Land Registration etc. (Scotland) Act 2012 from 8 December 2014, land and charge certificates are no longer issued, with details of the title available in electronic form only. A person whose land is registered in the Land Register owns the land free from all interests other than those entered on the Register, certain off-register rights and any other interests implied by law.

The relevant Land Register entries and 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 off-register rights and certain interests implied by law) affecting the land. They will also contain a plan indicating the location and extent of the land. A statutory warranty exists to allow an applicant

to claim compensation in the event that the relevant Land Register title sheet is inaccurate, subject to certain statutory exclusion from warranty and certain discretionary rights of the Keeper.

Sasine Register

Title to all land in Scotland where no event has yet occurred to trigger registration in the Land Register is 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 or record its standard security in the Land Register or the Sasine Register (as applicable) in order to perfect its security and secure priority over any subsequent standard security. Until such registration or recording (as applicable) 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 their date of registration rather than their date of execution. From 8 December 2014 there is an advance notice system for the Land Register which will accord the notified dealing priority against any application made during the notice period and is, broadly, analogous to the priority period system which operates in relation to registered land in England and Wales.

The seller as heritable creditor

The sale of the Scottish loans and their related security by the seller to the mortgages trustee has been given effect by a number of Scottish declarations of trust by the seller (and any further sale of Scottish loans and their related security in the future will be given effect by further Scottish declarations of trust), by which the beneficial interest in the Scottish loans and their related security has been or will be transferred to the mortgages trustee. Such beneficial interest (as opposed to the legal title) cannot be registered in the Land Register or Sasine Register. The consequences of this are explained in "**Risk Factors—There may be risks associated with the fact that the mortgages trustee has no legal title to the loans and their related security, which may adversely affect payments on your notes**".

Enforcement of mortgages

If a borrower defaults under a Scottish loan, the Scottish mortgage conditions provide that all monies under that Scottish 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 its standard security in relation to the defaulted Scottish loan. Under the 2010 Act, the seller or its successors and assignees are obliged to provide the borrower with prescribed information as soon as the borrower is in default and the seller or its successors or assignees are obliged to take reasonable steps to agree proposals with the borrower. If the 2010 Act obligations are not complied with the seller or its successors or assignees risk being prevented from enforcing their security by calling up and repossession. 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 of the property of up to seven years (or longer with the court's 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. However, this remedy is 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.

A court order under section 126 of the CCA is necessary to enforce a standard security in certain circumstances.

Borrower's right of redemption

Under Section 11 of the Land Tenure Reform (Scotland) Act 1974 the grantor of any standard security 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.

Northern Irish 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 its property. The second party is the mortgagee, who is the lender. Each Northern Irish loan will be secured by a Northern Irish mortgage which has a first ranking priority over all other mortgages secured on the property and over all unsecured creditors of the borrower, except in respect of certain statutory rights which are granted statutory priority. Borrowers may create a subsequent mortgage or other secured interest over the relevant property without the consent of the seller, though such other mortgage or interest will rank below the seller's mortgage in priority.

Nature of property as security

There are two forms of title to land in Northern Ireland: 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 of Northern Ireland. Each parcel of land is given a unique folio number. Title to the land is established by entries on the register relating to that land.

There are four classes of registered title although generally only two of these (absolute and good leasehold) will be acceptable as good for mortgage purposes). A person registered with title absolute owns the land free from all interests other than those entered on the register, those classified as overriding interests, those classified as minor interests (as between the landowner and the beneficiary of those interests only and when the landowner has notice of those interests) and (in the case of good leasehold title) all implied and express covenants, obligations and liabilities incidental to the land.

The land register will reveal the present registered owner of the land, together with any legal charges and other interests affecting the land. The Land Registration Act (Northern Ireland) 1970 provides that some interests in land will bind the land even though they are not capable of registration at the Land

Registry of Northern Ireland such as unregistered interests which override first registration and unregistered interests which override registered dispositions. The register 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

Since 1 May 2003 all land in Northern Ireland is now subject to compulsory registration on the happening of any of a number of trigger events. This does not occur on the granting of a first legal mortgage. However, a large proportion of land in Northern Ireland (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 40 years under the provisions of the Vendor and Purchaser Act 1874, although the statutory provision can be reduced by contrary provision in the contract. 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.

Taking security over land

Where land is registered, a mortgagee must register its mortgage at the Land Registry of Northern Ireland 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 other application for registration of any interest which is received by the Land Registry of Northern Ireland 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 mortgage at the Registry of Deeds of Northern Ireland.

The absence of registration will risk loss of priority if a subsequent mortgage is registered, and will create difficulties in enforcing security in that it is usually necessary for registration to be effected in order to convey good title to a third party buyer. However, where a subsequent mortgagee gives notice of a further charge over the same property to a prior mortgagee, the priority of the prior mortgagee only extends to amounts advanced at or before the time such notice is received.

By virtue of Article 51 of the Judgments Enforcement (Northern Ireland) Order 1981, an order charging land (i.e. a judgment mortgage), if founded on a judgment in respect of rates payable in respect of that land, shall have priority over all other charges and encumbrances whatever affecting that land except other debts owing to the Crown.

In the event of there being registered any order charging land in favour of the Department of the Environment for Northern Ireland against any of the Northern Irish Properties and founded on a judgment for rates payable in respect of the land which is the subject of the charge that order charging land shall take priority over all other charges and encumbrances whatever affecting that land pursuant to Article 51 of the Judgments Enforcement (NI) Order 1981.

The seller as mortgagee

The sale of the Northern Irish mortgages by the seller to the mortgages trustee will take effect in equity only. The mortgages trustee will not apply to the Land Registry of Northern Ireland or the Registry of

Deeds of Northern Ireland to register or record its equitable interest in the mortgages. The consequences of this are explained in "**Risk Factors—There may be risks associated with the fact that the mortgages trustee has no legal title to the loans and their related security, which may adversely affect payments on your notes**".

Enforcement of mortgages

If a borrower defaults under a Northern Irish loan, the Northern Irish mortgage conditions provide that all monies under the Northern Irish 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 Northern Irish mortgage conditions to pay or repay those amounts. In addition, the seller or its successors or assigns may enforce its Northern Irish 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 Conveyancing and Law of Property Act 1881. The purchaser of a property sold pursuant to a mortgagee's power of sale becomes the owner of the property.

A court order under section 126 of the CCA is necessary to enforce a land mortgage in certain circumstances.

MATERIAL INFORMATION RELATING TO THE REGULATION OF MORTGAGES IN THE UK

Mortgage regulation under the FSMA

In the United Kingdom, 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 lender, arranging Regulated Mortgage Contracts and advising in respect of, or administering, Regulated Mortgage Contracts, and agreeing to do any of these activities, are (subject to applicable exemptions) regulated activities under the FSMA and the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001 (SI 2001/544) (as amended) (the RAO) requiring authorisation and permission from the FCA.

The original definition of a "regulated mortgage contract" was such that if a mortgage contract was entered into on or after the Regulation Effective Date but before 21 March 2016, it was a **Regulated Mortgage Contract** under the RAO if: (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, least 40 per cent. of which is used, or is intended to be used, as or in connection with a dwelling by the borrower or (in the case of credit provided to trustees) by an individual who is a beneficiary of the trust or by a related person. In relation to a contract entered into before 23:00 on 31 December 2020, 'land' means land in the United Kingdom or within the territory of an EEA State and in relation to a contract entered into on or after 23:00 on 31 December 2020, 'land' means land in the United Kingdom. A related person (in relation to a borrower, or in the case of credit provided to trustees, a beneficiary of the trust) is (1) that person's spouse or civil partner; (2) a person (whether or not of the opposite sex) whose relationship with that person has the characteristics of the relationship between husband and wife; or (3) that person's parent, brother, sister, child, grandparent or grandchild (a **Related Person**).

The current definition of a Regulated Mortgage Contract is such that if a mortgage contract was entered into on or after 21 March 2016, the contract will be a Regulated Mortgage Contract the following conditions are met: (a) the borrower is an individual or trustee; and (b) the obligation of the borrower to repay is secured by a mortgage on land (or standard security), (c) at least 40% of that land is used, or is intended to be used: (i) in the case of credit provided to an individual, as or in connection with a dwelling; or (ii) in the case of credit provided to a trustee which is not an individual, as or in connection with a dwelling by an individual who is a beneficiary of the trust, or by a Related Person.

Credit agreements secured on land 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 will be "consumer credit back book mortgage contracts" and are also therefore Regulated Mortgage Contracts (see risk factor "Regulation of residential secured lending (other than Regulated Mortgage Contracts)").

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

covers the content and manner of the promotion of agreements relating to qualifying credit and by whom such promotions can be issued or approved. In this respect, the FSMA regime not only covers financial promotions of Regulated Mortgage Contracts but also promotions of certain other types of secured credit agreements under which the lender is a person (such as 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.

Failure to comply with the financial promotion regime (as regards who can issue or approve financial promotions) is a criminal offence and will render the Regulated Mortgage Contract or other secured credit agreement in question unenforceable against the borrower except with the approval of a court.

The servicer is required to hold, and does hold, authorisation and permission to enter into a Regulated Mortgage Contract as lender and to administer Regulated Mortgage Contracts. The seller is required to hold, and holds, authorisation and permission to enter into a Regulated Mortgage Contract as lender and to administer (and, where applicable) to advise on, Regulated Mortgage Contracts. Brokers are in certain circumstances required to hold authorisation and permission to arrange and, where applicable, to advise in respect of Regulated Mortgage Contracts.

None of the issuer, Funding 1, or the mortgages trustee are, nor propose to be, authorised persons under the FSMA with respect to Regulated Mortgage Contracts and related activities. The mortgages trustee does not require authorisation in order to acquire legal or beneficial title to a regulated mortgage contract. None of the issuer, Funding 1, or the mortgages trustee carry on the regulated activity of administering Regulated Mortgage Contracts, by having the relevant Regulated Mortgage Contracts administered pursuant to the servicing agreement by the servicer, an entity having the required authorisation and permission under the FSMA. If the servicing agreement terminates, however, the mortgages trustee will have a period of not more than one month in which to arrange for mortgage administration to be carried out by a replacement servicer having the required FSMA authorisation and permission to enable it to undertake such activities.

The issuer will only hold beneficial title to the loans and their related security. In the event that legal title is transferred to the Issuer upon the occurrence of a perfection event, the issuer must arrange for a servicer to administer these loans and is not expected to enter into any new Regulated Mortgage Contracts as lender under Article 61(1) of the RAO. However, in the event that a mortgage is varied, such that a new contract is entered into and that contract constitutes a Regulated Mortgage Contract, then the arrangement of, advice on, administration of and entering into of such variation would need to be carried out by an appropriately authorised entity.

The FCA's Mortgages and Home Finance: Conduct of Business Sourcebook (**MCOB**), which sets out the FCA's rules for regulated mortgage activities, came into force on 31 October 2004. These rules cover, among other things, certain pre-origination matters such as financial promotion and pre-application illustrations, pre-contract and start-of-contract and post-contract disclosure, contract changes, charges and arrears and repossessions. Further rules for prudential and authorisation requirements for mortgage firms, and for extending the appointed representatives regime to mortgages, came into force on 31 October 2004.

A borrower who is a private person may be entitled to claim damages for loss suffered as a result of any contravention by an authorised person of an FCA rule or PRA, 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).

No assurance can be given that additional regulations or guidance from the FCA, the PRA, the Ombudsman, the CMA or any other regulatory authority will not arise with regard to the mortgage market in the United Kingdom generally, the seller's particular sector in that market or specifically in relation to the seller.

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

The UK government had a policy commitment to move second charge lending into the regulatory regime for mortgage lending rather than the regime for consumer credit under which second charge lending previously fell. The UK government concluded that 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. The policy of regulating lending secured on a borrower's home consistently also meant that the UK government decided to change the regulatory regime of pre-2004 first charge loans regulated by the CCA. Mortgage regulation under the FSMA began on 31 October 2004. Mortgages entered into before that date were regulated by the CCA, provided they did not exceed the financial threshold in place when they were entered into and were not otherwise exempt. 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 move of CCA regulated mortgages to the FSMA regime was implemented by the Mortgage Credit Directive Order 2015 on 21 March 2016 (the **MCD Order**). The government 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 that were originated before 21 March 2016, that were regulated by the CCA and that would have been Regulated Mortgage Contracts had they been entered into on or after 21 March 2016, are defined by the MCD Order as "**consumer credit back book mortgage contracts**" and would also therefore be Regulated Mortgage Contracts. The main CCA consumer protection retained in respect of consumer credit back book mortgage contracts is the continuing unenforceability of the agreement if it was rendered unenforceable by the CCA prior to 21 March 2016. Unless the agreement was irredeemably unenforceable, the lender may enforce the agreement by seeking a court order or bringing any relevant period of non-compliance with the CCA to an end in the same manner as would have applied if the agreement was still regulated by the CCA. If a consumer credit back book mortgage contract was void as a result of section 56(3) of the CCA, that agreement or the relevant part of it will remain void. Restrictions on early settlement fees 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), once the consumer credit back book mortgage contract became regulated by the FSMA under the MCD Order as of 21 March 2016, the sanction of interest not being chargeable under section 77A of the CCA and section 86D of the CCA ceases to apply, but only for interest payable under those loans after 21 March 2016. A consumer credit back book mortgage contract will also be subject to unfair relationship provisions described below. Certain provisions of MCOB are applicable to these consumer credit back book mortgage contracts. These include the rules relating to disclosure at the start of a contract and post-sale disclosure (MCOB 7), charges (MCOB 12) and arrears, payment shortfalls and repossessions (MCOB 13). General conduct of business standards will also apply (MCOB 2). This process is subject to detailed transitional provisions that are intended to retain certain customer protections in the FCA's CONC Sourcebook and the CCA that are not contained within MCOB.

Unfair relationships

Under the CCA, the "extortionate credit" regime was replaced by an "unfair relationship" test. The unfair relationship test applies to all existing and new credit agreements, except Regulated Mortgage Contracts under the FSMA and also applies to (as described above) "consumer credit back book mortgage contracts". If the court makes a determination that the relationship between a lender and a borrower is unfair, then it may make an order, among other things, requiring the relevant originator, or any assignee such as the Issuer, to repay amounts received from such borrower. In applying the "unfair

relationship" test, the courts are able to consider a wider range of circumstances surrounding the transaction, including the creditor's and the lender's conduct before and after making the agreement. There is no statutory definition of the word “unfair” in the CCA as the intention is for the test to be flexible and subject to judicial discretion and it is therefore difficult to predict whether a court would find a relationship "unfair". However, the word “unfair” is not an unfamiliar term in UK legislation due to the UTCCR and the CRA (each as defined below). The principle of “treating customers fairly” under the FSMA, and guidance published by the FSA and, as of 1 April 2013, the FCA on that principle and by the Office of Fair Trading (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.

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 him, alter the terms of the agreement, direct accounts to be taken or otherwise set aside any duty imposed on the debtor or surety. The term creditor i.e. lender as defined under Section 189 of the CCA means the person providing the credit under a consumer credit agreement or the person to whom his rights and duties under the agreement have passed by assignment or operation of law.

Distance marketing

In the United Kingdom, the Financial Services (Distance Marketing) Regulations 2004 (the **DM Regulations**) apply to contracts for financial services entered into on or after 31 October 2004 by a "consumer" within the meaning of the DM Regulations and by means of distance communication (i.e. without any substantive simultaneous physical presence of the originator and the borrower).

The DM Regulations require suppliers of financial services by way of distance communication to provide certain information to consumers. This information generally has to be provided before the consumer is bound by the contract and includes, but is not limited to, general information in respect of the supplier and the financial service, the contractual terms and conditions, and whether or not there is a right of cancellation.

Certain agreements for financial services will be cancellable under the DM Regulations if the borrower does not receive prescribed information at the prescribed time. Where the credit agreement is cancellable under the DM Regulations, the borrower may send notice of cancellation at any time before the expiry of 14 days beginning with: (i) the day after the day on which the contract is made (where all of the prescribed information has been provided prior to the contract being entered into); or (ii) the day after the day on which 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), obtained by an enforcement authority granted on such terms as the court thinks fit to ensure such compliance, and certain breaches of the DM Regulations may render the originator or intermediaries (and their respective relevant officers) liable to a fine.

If the borrower cancels the contract under the DM 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 contract within 30 calendar days of cancellation; (b) the borrower is liable to pay interest, early repayment charges and other charges for services actually provided in accordance with the

contract only if: (i) the amount is in proportion to the extent of the service provided (in comparison with the full coverage of the contract) and is not such that it could be construed as a penalty; (ii) the borrower received certain prescribed information at the prescribed time about the amounts payable; and (iii) the originator did not commence performance of the contract before the expiry of the relevant cancellation period (unless requested to do so by the borrower); and (c) any security provided in relation to the contract is to be treated as never having had effect.

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

In the United Kingdom, 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 Regulation 1994 (together with the 1999 Regulations, the **UTCCR**), applies to agreements made on or after 1 July 1995 but prior to 1 October 2015 by a "consumer" within the meaning of the UTCCR, where the terms have not been individually negotiated. The CRA has revoked the UTCCR in respect of contracts made on or after 1 October 2015. The main provisions of the CRA came into force on 1 October 2015.

The UTCCR and the CRA provide that a consumer (which would include a borrower under all or almost all of the loans) may challenge a term in an agreement on the basis that it is "unfair" within the UTCCR or the CRA as applicable and is 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.

(i) UTCCR

The UTCCR will not generally affect terms which define the main subject matter of the contract, such as the borrower's obligation to repay the principal, 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 originator is permitted to do) is found to be unfair, the borrower will not be liable to pay interest at the increased rate or, to the extent that the borrower has paid it, will be able, as against the lender, or any assignee such as the Issuer, to claim repayment of the extra interest amounts paid or to set off the amount of the claim against the amount owing by the borrower under the loan or any other loan agreement that the borrower has taken with the lender (or exercise analogous rights in Scotland).

(ii) 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:

(a) 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.

(b) Schedule 2 of the CRA contains an indicative and non-exhaustive "grey list" of terms of consumer contracts that may be regarded as unfair. Notably, paragraph 11 of Schedule 2 lists "a term which has the object or effect of enabling the trader to alter the terms of the contract unilaterally without a valid reason which is specified in the contract", although paragraph 22 of Schedule 2 provides that this does not include a term by which a supplier of financial services reserves the right to alter the rate of interest payable by or due to the consumer, or the amount of other charges for financial services without notice where there is a valid reason if the supplier is required to inform the consumer of the alteration at the earliest opportunity and the consumer is free to dissolve the contract immediately.

(c) 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 practicable, continue to have effect in every other respect. Where a term in a consumer contract is susceptible of 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 has explicitly raised the issue of fairness.

(iii) Regulatory Developments

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

The FCA's consideration of fairness under the CRA, UTCCR and CPUTR will include contracts for mortgages and the selling of mortgages, consumer credit and other credit-related activities.

In October 2010, the FSA issued a statement that, in its view, early repayment charges are likely to amount to the price paid by the borrower in exchange for services provided and may not be reviewable for fairness under the UTCCR, provided that they are written in plain and intelligible language and are adequately drawn to the borrower's attention. In January 2012, the FSA issued a further statement intended to raise awareness of issues that it commonly identifies under the UTCCR (such statement has since been withdrawn – *see below*).

Historically the OFT, FSA and FCA (as appropriate) have issued guidance on the UTCCR. This has included: (i) OFT guidance on fair terms for interest variations in mortgage contracts dated February 2000; (ii) an FSA statement of good practice on the fairness of terms in consumer contracts dated May 2005; (iii) an FSA statement of good practice on mortgage exit administration fees dated January 2007; and (iv) FSA finalised guidance on unfair contract terms and improving standards in consumer contracts dated January 2012. On 2 March 2015, the FCA updated its online unfair contract terms library by removing some of its material (including the above-mentioned guidance) relating to unfair contract terms. The FCA stated that such material "no longer reflects the FCA's views on unfair contract terms" and that firms should no longer rely on the content of the documents that have been removed.

On 19 December 2018, the FCA published finalised guidance: "Fairness of variation terms in financial services consumer contracts under the Consumer Rights Act 2015" (FG 18/7), outlining factors the FCA considered 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 European Union (the **CJEU**). The finalised guidance relates to all financial services consumer contracts entered into since 1 July 1995. The FCA state that firms should consider both this guidance and other rules that apply when they draft and use variation terms in their consumer contracts. The FCA stated that the finalised guidance will apply to FCA authorised persons and their appointed representatives in relation to any consumer contracts which contain variation terms.

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

In general, the interpretation of the UTCCR and/or the CRA is open to some doubt, particularly in the light of sometimes conflicting reported case law between English courts and the CJEU. The broad and general wording of the CRA and UTCCR makes any assessment of the fairness of terms largely subjective and makes it difficult to predict whether or not a term would be held by a court to be unfair. It is therefore possible that any loans which have been made to borrowers covered by the UTCCR or CRA may contain unfair terms which may result in the possible unenforceability of the terms of the underlying loans.

Financial Ombudsman Service

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

Complaints properly brought before the Ombudsman for consideration must be decided on a case by-case basis, with reference to the particular facts of any individual case. Each case would first be adjudicated by an adjudicator. Either party to the case may appeal against the adjudication. In the event of an appeal, the case proceeds to a final decision by the Ombudsman. The Ombudsman may order a money award to a debtor. As the Ombudsman is required to make decisions on the basis of, among other things, the principles of fairness, and may order a monetary award to a complaining borrower, it

is not possible to predict how any future decision of the Ombudsman would affect the ability of the Issuer to make payments to noteholders.

Consumer Protection from Unfair Trading Regulations 2008

The Consumer Protection from Unfair Trading Regulations 2008 (the **CPUTR**) came into force on 26 May 2008. The CPUTR prohibit certain practices which are deemed "unfair" within the terms of the CPUTR. Breach of the CPUTR does not (of itself) render an agreement void or unenforceable, but is a criminal offence punishable by a fine and/or imprisonment. The possible liabilities for misrepresentation or breach of contract in relation to the underlying credit agreements may result in irrecoverable losses on amounts to which such agreements apply. Most of the provisions of the Consumer Protection (Amendment) Regulations 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.

Non-disclosure of Broker Commissions

Certain of the Mortgages Loans have been originated through intermediaries, including mortgage brokers and mortgage advisers. In line with market practice, the Originators paid commission to such intermediaries in consideration for such activities in the form of a procuration fee.

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

Mortgage repossession

There is a protocol for mortgage repossession cases in England and Wales (the **Pre-action Protocol**), which sets out the steps that judges will expect any lender to take before starting a claim. A number of mortgage lenders have confirmed that they will delay the initiation of repossession action for at least three months after a borrower, who is an owner-occupier, is in arrears. The application of such a moratorium may be subject to the wishes of the relevant borrower and may not apply in cases of fraud. In addition, under the protocol the lender must consider whether to postpone the start of a possession claim where the borrower has made a genuine complaint to the FOS about the potential possession claim.

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

This protocol and these Acts may have adverse effects in markets experiencing above average levels of repossession claims.

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 states 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.

In March 2021, the FCA stated that as the more immediate impacts of coronavirus begin to subside, they were considering whether they will need to make any permanent changes to their forbearance regimes for mortgages and credit in light of the Mortgages Tailored Support Guidance. This could include updating the rules and guidance in MCOB and incorporating elements of the Mortgages Tailored Support Guidance. On 25 May 2023, the FCA launched consultation CP23/13 setting out how they plan to incorporate aspects of the Mortgages Tailored Support Guidance into MCOB and withdraw the Mortgages Tailored Support Guidance. The FCA are also proposing targeted additional changes to support consumers in financial difficulty. The FCA expect their new rules to come into force in the first half of 2024 and propose to withdraw the Mortgages Tailored Support Guidance at the same time.

There can be no assurance that the FCA, or other UK government or regulatory bodies, will not take further steps in response to the rising cost of living in the UK which may impact the performance of the Loans, including further amending and extending the scope of the above guidance.

Mortgage Charter

On 26 June 2023, the 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 **Mortgage Charter**). Nationwide are signatories to the Mortgage Charter and have 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 (the **MC Interest-only Agreement**); 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 (the **MC Extension Agreement**). 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 Mortgages and Home Finance: Conduct of Business Sourcebook (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**.**

There can be no assurance that the FCA or other UK government or regulatory bodies, will not take further steps in response to the rising cost of living in the UK which may impact the performance of the Loans, including further amending and extending the scope of the Mortgage Charter or related rules.

Assured Shorthold Tenancy (AST)

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

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

(i) the tenant or, as the case may be, each of the joint tenants is an individual;

(ii) 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

(iii) 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 2/3rds of the rateable value at 31 March 1990;

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

Currently, however, there is a risk that where:

(i) a long lease is also an AT/AST due to the level of the ground rent;

(ii) the tenant is in arrears of ground rent for more than 3 months;

(iii) the landlord chooses to use the HA 1988 route to seek possession under Ground 8; and

(iv) the tenant does not manage to reduce the arrears to below 3 months' ground rent by the date of the court hearing,

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

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 its 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.

FCA Consumer Duty

New rules relating to the introduction of a new consumer duty on regulated firms (the **Consumer Duty**), which aim to set a higher level of consumer protection in retail financial markets, came into force on 31 July 2023. The Consumer Duty currently applies for products and services that remain open to sale or renewal and will apply from 31 July 2024 for closed products and services.

The Consumer Duty applies to the regulated activities and ancillary activities of all firms authorised under the Financial Services and Markets Act 2000 (FSMA).

There are three main elements to the new Consumer Duty, comprising a new consumer principle, that "a firm must act to deliver good outcomes for the retail consumers of its products", cross-cutting rules supporting the consumer principle, and four outcomes, relating to the quality of firms' products and services, 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 applies 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 does not apply retrospectively, the FCA requires 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.

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). 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.

Right to Buy Loans

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

mortgagee in possession in such circumstances will also be obliged to grant such right of first refusal to the landlord or other social landlord.

The right to buy scheme in Scotland ended for all council and housing association tenants in Scotland on 1 August 2016. Tenants with a right to buy could submit their application up to 31 July 2016 with their application.

UNITED KINGDOM TAXATION

The following is a summary of the issuer's understanding of current United Kingdom law and published HM Revenue and Customs' practice relating only to the United Kingdom withholding tax treatment of payments of interest (as that term is understood for United Kingdom tax purposes) in respect of the notes. It does not deal with any other United Kingdom taxation implications of acquiring, holding or disposing of the notes. The United Kingdom tax treatment of prospective noteholders depends on their individual circumstances and may be subject to change in the future. Prospective noteholders who may be subject to tax in a jurisdiction other than the United Kingdom or who may be unsure as to their tax position should seek their own professional advice.

In this summary references to "notes" and "noteholder" excludes the class Z note and the class Z noteholder. The class Z noteholder is urged to consult its own tax advisers about the tax consequences under its circumstances of purchasing, holding and selling the class z note under the laws of the United Kingdom, its political subdivisions and any other jurisdiction in which the class Z noteholder may be subject to tax.

Payments of interest on the notes may be made without deduction of or withholding on account of United Kingdom income tax provided that the notes carry a right to interest and the notes are and continue to be listed on a "recognised stock exchange" within the meaning of section 1005 of the Income Tax Act 2007. The London Stock Exchange is a recognised stock exchange. Notes 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 provisions of Part VI of the FSMA) and admitted to trading on the London Stock Exchange. Provided, therefore, that the notes carry a right to interest and are and remain so listed on a "recognised stock exchange", interest on the notes will be payable without deduction of or withholding on account of United Kingdom income tax.

Payments of interest on the notes may also be paid without deduction of or withholding on account of United Kingdom income tax where the maturity of the notes is less than 365 days and those 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 notes that has a United Kingdom source on account of United Kingdom income tax at the basic rate (currently 20%), subject to any available exemptions and reliefs. However, where an applicable double tax treaty provides for a lower rate of withholding tax (or for no tax to be withheld) in relation to a noteholder, HMRC can issue a notice to the issuer to pay interest to 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 FEDERAL TAXATION

General

The following is a general summary of certain U.S. federal income tax consequences that may be relevant with respect to the purchase, ownership and disposition of the Rule 144A notes. In general, the discussion assumes that a holder acquires the Rule 144A notes at original issuance at their issue price (as described below) and holds the Rule 144A notes as capital assets. It does not purport to be a comprehensive description of all the tax considerations that may be relevant to a decision to purchase the Rule 144A notes. In particular, it does not discuss special tax considerations that may apply to certain types of taxpayers, including, without limitation, the following: (i) financial institutions; (ii) insurance companies; (iii) dealers or traders in stocks, securities, notional principal contracts or currencies; (iv) tax-exempt entities; (v) regulated investment companies; (vi) real estate investment trusts; (vii) persons that will hold the Rule 144A notes as part of a "hedging" or "conversion" transaction or as a position in a "straddle" for U.S. federal income tax purposes; (viii) persons that own (or are deemed to own) 10% or more of interests (by vote or value) of the issuer treated as equity for U.S. federal income tax purposes; (ix) entities or arrangements treated as partnerships or pass-through entities for U.S. federal income tax purposes or persons who hold Rule 144A notes through entities or arrangements treated as partnerships or other pass-through entities for U.S. federal income tax purposes; (x) United States holders (as defined below) that have a "functional currency" other than the U.S. dollar; and (xi) certain U.S. expatriates and former long-term residents of the United States. This discussion also does not address consequences under the alternative minimum tax or the Medicare contribution tax on net investment income or the indirect effects on the holders of equity interests in a holder of Rule 144A notes or special rules for the taxable year of inclusion for accrual basis taxpayers under section 451(b) of the U.S. Internal Revenue Code of 1986, as amended (the **Code**), nor does it describe any tax consequences arising under the laws of any taxing jurisdiction other than the U.S. federal government.

This discussion is based on the Code, U.S. Treasury Regulations promulgated thereunder, and judicial and administrative interpretations thereof, in each case as in effect and available on the effective date of this base prospectus. All of the foregoing are subject to change, and any change may apply retroactively and could affect the tax consequences described below.

As described under "**Tax status of the issuer, Funding 1, mortgages trustee and mortgages trust**", upon issuance of the Rule 144A notes, Allen & Overy LLP, U.S. federal income tax advisers to the issuer (**U.S. tax counsel**) will deliver an opinion that the mortgages trustee acting as trustee of the mortgages trust, Funding 1 and the 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 Rule 144A notes**", upon issuance of the Rule 144A notes, U.S. tax counsel will deliver an opinion that, although there is no authority on the treatment of instruments substantially similar to the Rule 144A notes, the class A Rule 144A notes, the class B Rule 144A notes and the class M Rule 144A notes, when issued, will be treated as debt for U.S. federal income tax purposes and the class C Rule 144A notes, when issued, should be treated as debt for U.S. federal income tax purposes. Unless otherwise specified in the applicable final terms (or, in the case of exempt notes, the applicable pricing supplement), the class D Rule 144A notes will not be treated as debt for U.S. federal income tax purposes. See "**Alternative characterisation of the Rule 144A notes**" for the U.S. federal income tax treatment of equity. No class Z Rule 144A notes will be issued.

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 and there can be no assurance that the IRS or courts will agree with the conclusions expressed herein. **Accordingly, investors are encouraged to consult their own tax advisers as to the personal U.S. federal income tax consequences to the investor of the purchase, ownership and disposition of the Rule 144A notes, including the possible application of state, local, non-U.S. or other tax laws, and other U.S. tax issues affecting the transaction.**

As used in this section, the term **United States holder** means a beneficial owner of Rule 144A notes that is for U.S. federal income tax purposes: (i) a citizen or individual resident of the United States; (ii) a corporation created or organised in or under the laws of the United States or any state thereof (including the District of Columbia); (iii) any estate, the income of which is subject to U.S. federal income tax regardless of the source of its income; or (iv) 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. A **Non-United States holder** is a beneficial owner of Rule 144A notes that is not a United States holder. If an entity or arrangement treated as a partnership for U.S. federal income tax purposes holds Rule 144A notes, the tax treatment of a partner will generally depend upon the status of the partner and upon the activities of the partnership. Partners of partnerships holding Rule 144A notes are encouraged to consult their own tax advisers regarding the personal tax consequences to them.

Tax status of the issuer, Funding 1, mortgages trustee and mortgages trust

Under the transaction documents, each of the issuer, Funding 1 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. Upon issuance of the Rule 144A notes, U.S. tax counsel will deliver an opinion that, assuming compliance with the transaction documents, none of the issuer, Funding 1 or the mortgages trustee acting in its capacity as trustee of the mortgages trust will be subject to U.S. federal income tax. See "**General**" for further information regarding this opinion. No election will be made to treat the issuer, Funding 1 or the mortgages trustee or any of their assets as a REMIC (a type of securitisation vehicle having a special tax status under the Code).

Characterisation of the Rule 144A notes

Although there is no authority regarding the treatment of instruments that are substantially similar to the Rule 144A notes, upon issuance of the Rule 144A notes, U.S. tax counsel will deliver an opinion that the class A Rule 144A notes, the class B Rule 144A notes and the class M Rule 144A notes, when issued, will be treated as debt for U.S. federal income tax purposes and the class C Rule 144A notes, when issued, should be treated as debt for U.S. federal income tax purposes (see "**Alternative characterisation of the Rule 144A notes**" and see "**General**" for further information regarding this opinion). Unless otherwise specified in the applicable final terms (or, in the case of exempt notes, the applicable pricing supplement), the class D Rule 144A notes will not be treated as debt for U.S. federal income tax purposes. The issuer intends to treat the Rule 144A notes (other than the class D Rule 144A notes and any notes that will not be treated as debt for U.S. federal income tax purposes as indicated in the applicable final terms (or, in the case of exempt notes, the applicable pricing supplement)) as indebtedness of the issuer for all purposes, including U.S. federal income tax purposes.

The Rule 144A notes will not be qualifying real property loans in the hands of domestic savings and loan associations, real estate investment trusts, or REMICs under sections 7701(a)(19)(C), 856(c) or 860G(a)(3) of the Code, respectively.

For purposes of the discussion below, the term **Rule 144A notes** excludes the class D Rule 144A notes and any notes that will not be treated as debt for U.S. federal income tax purposes as indicated in the applicable final terms (or, in the case of exempt notes, the applicable pricing supplement).

Taxation of United States holders of the Rule 144A notes

Qualified Stated Interest and Original Issue Discount

The issuer intends to treat interest on the Rule 144A notes as "**qualified stated interest**" under U.S. Treasury Regulations relating to original issue discount (hereafter the **OID regulations**). As a

consequence, discount on the Rule 144A notes arising from an issuance at less than par will only be required to be accrued under the OID regulations if such discount is equal to or exceeds a statutorily defined *de minimis* amount (as discussed below). Qualified stated interest, which generally must be unconditionally payable at least annually, is taxed under a holder's normal method of accounting as ordinary interest income. *De minimis* original issue discount (**OID**) is included in income on a *pro rata* basis as principal payments are made on the Rule 144A notes.

If a qualified stated interest payment is denominated in, or determined by reference to, a foreign currency, the amount of income recognized by a cash basis United States 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 United States holder may determine the amount of income recognized 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 United States holder, the part of the period within the taxable year).

Under the second method, the United States 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 or taxable year, an electing accrual basis United States 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 United States holder at the beginning of the first taxable year to which the election applies or thereafter acquired by the United States 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 retirement of a Rule 144A note) denominated in, or determined by reference to, a foreign currency, the accrual basis United States holder will recognize 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.

It is possible that interest on the Rule 144A notes that are class B notes, class M notes or class C notes (or, if treated as debt for U.S. federal income tax purposes, class D notes) could be treated as OID (and not "qualified stated interest") because such interest is subject to deferral in certain limited circumstances.

A Rule 144A note, other than a Rule 144A note with a term of one year or less, will be treated as issued with OID (a **discount note**) if the excess of the Rule 144A note's "stated redemption price at maturity" over its issue price is equal to or more than a *de minimis* amount (0.25 per cent. of the Rule 144A note's stated redemption price at maturity multiplied by the number of complete years to its maturity). Generally, the issue price of a Rule 144A note will be the first price at which a substantial amount of Rule 144A notes included in the issue of which the Rule 144A note is a part is sold to persons other than bond houses, brokers, or similar persons or organisations acting in the capacity of underwriters, placement agents, or wholesalers. The stated redemption price at maturity of a Rule 144A note is the total of all payments provided by the Rule 144A note that are not payments of qualified stated interest. Solely for the purposes of determining whether a Rule 144A note has OID, the issuer will be deemed to exercise any call option that has the effect of decreasing the yield on the Rule 144A note, and the United States holder will be deemed to exercise any put option that has the effect of increasing the yield on the Rule 144A note.

A United States holder of a discount note must include OID in income over the term of such note under a constant yield method that takes into account the compounding of interest. The amount of OID

includible in income by a United States holder of a discount note issued with OID is the sum of the daily portions of OID with respect to the discount note for each day during the taxable year or portion of the taxable year on which the United States holder holds the discount note. The daily portion is determined by allocating to each day in any "accrual period" a pro rata portion of the OID allocable to that accrual period. Accrual periods with respect to a discount note may be of any length selected by the United States holder and may vary in length over the term of the discount note as long as (i) no accrual period is longer than one year and (ii) each scheduled payment of interest or principal on the discount note occurs on either the final or first day of an accrual period. The amount of OID allocable to an accrual period equals the excess of (a) the period of the discount note's adjusted issue price at the beginning of the accrual period and the discount note's yield to maturity (determined on the basis of compounding at the close of each accrual period and properly adjusted for the length of the accrual period) over (b) the sum of the payments of qualified stated interest on the discount note allocable to the accrual period. The "adjusted issue price" of a discount note at the beginning of any accrual period is the issue price of the discount note increased by (x) the amount of accrued OID for each prior accrual period and decreased by (y) the amount of any payments previously made on the discount note that were not qualified stated interest payments.

OID for each accrual period on a discount note that is denominated in, or determined by reference to, a foreign currency, will be determined in the foreign currency and then translated into U.S. dollars in the same manner as qualified stated interest accrual by an accrual basis United States holder, as described above. Upon receipt of an amount attributable to OID (whether in connection with a payment on the discount note or a sale or retirement of the discount note), a United States holder may recognise U.S. source exchange gain or loss (taxable as ordinary income or loss) equal to the difference between the amount received (translated into U.S. dollars at the spot rate on the date of receipt) and the amount previously accrued, regardless of whether the payment is in fact converted into U.S. dollars.

Under the Code, OID is calculated and accrued using prepayment assumptions where payments on a debt instrument may be accelerated by reason of prepayments of other obligations securing such debt instrument. Moreover, the legislative history to the provisions provides that the same prepayment assumptions used to price a debt instrument may be used to calculate OID. Here, prepayment of the loans is not expected to alter the scheduled principal payments on the Rule 144A notes that are class B notes, class M notes or class C notes (or, if treated as debt for U.S. federal income tax purposes, class D notes) and accordingly, the issuer intends to assume that such Rule 144A notes will have their principal repaid according to the schedule for purposes of accruing any OID. No representation is made that the loans will pay on the basis of such prepayment assumption or in accordance with any other prepayment scenario.

Rule 144A notes with a term of one year or less (**short-term obligations**) will be treated as having been issued with OID. In general, United States holders who report income for U.S. federal income tax purposes under the accrual method are required to accrue OID on short-term obligations on a straight-line basis unless an election is made to accrue the OID under a constant yield method (based on daily compounding). A United States holder who is an individual or other cash method holder is not required to accrue such OID unless such holder elects to do so (but may be required to include any stated interest in income as the interest is received). If such an election is not made, any gain recognised by such holder on the sale or retirement 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 (unless an election is made to accrue the OID under the constant yield method), through the date of the sale or retirement. United States holders who are not required and do not elect to accrue OID on short-term obligations will be required to defer deductions for interest on borrowings allocable to short-term obligations in an amount not exceeding the deferred income until the deferred income is realised.

As an alternative to the above treatments, United States holders may elect to include in gross income all interest with respect to the Rule 144A notes, including stated interest, acquisition discount, OID, *de minimis* OID, and unstated interest, using the constant yield method described above. This election generally will apply only to the Rule 144A note with respect to which it is made and may not be revoked without the consent of the IRS.

Interest income on the Rule 144A notes will be treated as foreign source income for U.S. federal income tax purposes, which may be relevant in calculating a United States holder's foreign tax credit limitation for U.S. federal income tax purposes. The limitation on foreign taxes eligible for the U.S. foreign tax credit is calculated separately with respect to specific classes of income. The foreign tax credit rules are complex, and United States holders are encouraged to consult their own tax advisers regarding the availability of a foreign tax credit and the application of the limitation in their particular circumstances.

Sales and retirement

In general, a United States holder of a Rule 144A note will have an adjusted tax basis in such Rule 144A note equal to the cost of the Rule 144A note to such holder, increased by the amount of any OID included in the United States holder's income with respect to such note and reduced by any payments thereon other than payments of qualified stated interest. Upon a sale or retirement of a Rule 144A note, a United States holder will generally recognise gain or loss equal to the difference between the amount realised (less any amount attributable to accrued interest, which would be taxable as such) and the holder's adjusted tax basis in the Rule 144A note. Any gain or loss recognised by a United States holder will generally be U.S. source gain or loss for foreign tax credit limitation purposes. Except to the extent described above under "**Qualified Stated Interest and Original Issue Discount**" relating to short-term obligations or attributable to changes in exchange rates (described below), such gain or loss will be capital gain or loss and will be long-term capital gain or loss if the United States holder has held the Rule 144A note for more than one year at the time of disposition. **Prospective investors are encouraged to consult their own tax advisers regarding the treatment of capital gains (which may be taxed at lower rates than ordinary income for taxpayers who are individuals, trusts or estates that hold the Rule 144A notes for more than one year) and capital losses (the deductibility of which is subject to limitations)**.

A United States holder's adjusted tax basis in a Rule 144A note denominated in, or determined by reference to, a foreign currency will be determined by reference to the U.S. dollar cost of the Rule 144A note. The U.S. dollar cost of a Rule 144A 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 Rule 144A notes traded on an established securities market, as defined in the applicable U.S. Treasury regulations, that are purchased by a cash basis United States holder (or an accrual basis United States holder that so elects), on the settlement date for the purchase. The amount realised on a sale or retirement of a Rule 144A note for an amount in foreign currency will be the U.S. dollar value of this amount on the date of sale or retirement or, in the case of Rule 144A notes traded on an established securities market, as defined in the applicable U.S. Treasury regulations, that are purchased by a cash basis United States holder (or an accrual basis United States holder that so elects), on the settlement date of the sale or retirement.

A United States holder will recognise U.S. source exchange gain or loss (taxable as ordinary income or loss) on the sale or retirement of a Rule 144A note equal to the difference, if any, between the U.S. dollar values of the United States holder's purchase price for the Rule 144A note (i) on the date of sale or retirement and (ii) the date on which the United States holder acquired the Rule 144A note. Any such exchange gain or loss (including any exchange gain or loss with respect to the receipt of accrued but unpaid interest) will be realised only to the extent of total gain or loss realised on the sale or retirement.

Alternative characterisation of the Rule 144A notes

The proper characterisation of the arrangement involving the issuer and the holders of the Rule 144A notes is not clear because there is no authority on transactions comparable to that contemplated herein. The issuer intends to treat the Rule 144A notes as debt for all U.S. federal income tax purposes. Prospective investors are encouraged to consult their own tax advisers regarding the personal tax consequences with respect to the potential impact of an alternative characterisation of the Rule 144A notes for U.S. federal income tax purposes.

One possible alternative characterisation is that the IRS could assert that the class C Rule 144A notes or any other class of Rule 144A notes should be treated as equity in the issuer for U.S. federal income tax purposes because the issuer may not have substantial equity. If the class C Rule 144A notes or any other class of Rule 144A notes were treated as equity, United States holders of such notes would be treated as owning equity in a passive foreign investment company (**PFIC**) which, depending on the level of ownership of such United States holders and certain other factors, might also constitute an interest in a controlled foreign corporation (**CFC**) for such United States holder. A Rule 144A note that is treated as an equity interest 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 United States 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. A United States holder of such a Rule 144A note may also be required to file certain information with the IRS.

If a United States holder were treated as owning an equity interest in a PFIC, unless a United States holder makes a **QEF election** or **mark to market election**, a United States holder will be subject to a special tax regime (i) in respect of gains realised on the sale or retirement of the relevant notes, and (ii) in respect of distributions on the relevant notes held for more than one taxable year to the extent those distributions constitute **excess distributions**. Although not free from doubt, the PFIC rules should not apply to gain realised in respect of any notes disposed of during the same taxable year in which such notes are acquired. 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% of the average distributions for the three preceding years (or, if shorter, the investor's holding period). With respect to any Rule 144A notes that pay interest at a floating rate, it is possible that a United States holder will receive **excess distributions** as a result of fluctuations in the rate of SONIA or EURIBOR, as applicable, over the term of Rule 144A notes. In general, under the PFIC rules, a United States holder will be required to allocate such excess distributions and any gain realised on a sale of its notes to each day during the United States holder's holding period for the Rule 144A notes, and will be taxable at the highest rate of taxation applicable to the class of taxpayers for which the United States holder is a member for the year to which the excess distribution or gain is allocable (without regard to the United States 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). The issuer does not intend to provide information that would enable a holder of a note to make a QEF election, and the mark to market election will only be available during any period in which the notes are traded on a qualifying exchange or market and certain other trading requirements are met. The issuer encourages persons considering the purchase or ownership of 10% or more of any class of Rule 144A notes (or combination of classes) that is treated as equity for U.S. federal income tax purposes to consult their own tax advisers regarding the U.S. federal income tax consequences and filing requirements resulting from such an acquisition under the special rules applicable to CFCs under the Code.

Base Rate Modifications

Pursuant to Condition 11.8(i), the issuer may in certain circumstances modify the base rate that applies to the Rule 144A notes to change the relevant reference rate to an alternative base rate (such change, a **base rate modification**). It is possible that a base rate modification will be treated as a deemed exchange of old Rule 144A notes for new Rule 144A notes, which may be taxable to United States holders. United States holders should consult with their own tax advisers regarding the potential consequences of a base rate modification.

Taxation of Non-United States holders of the Rule 144A notes

Subject to the backup withholding and FATCA rules discussed below, a non-United States holder generally should not be subject to U.S. federal income or U.S. withholding tax on any payments on a Rule 144A note and gain from the sale or retirement of a Rule 144A note unless: (i) that payment and/or

gain is effectively connected with the conduct by that non-United States holder of a trade or business in the United States; (ii) in the case of any gain realised on the sale or exchange of a note by an individual non-United States holder, that holder is present in the United States for 183 days or more in the taxable year of the sale, exchange or retirement and certain other conditions are met; or (iii) the non-United States holder is subject to tax pursuant to provisions of the Code applicable to certain expatriates. **Non-United States holders are encouraged to consult their own tax advisers regarding the U.S. federal income and other tax consequences to them of owning Rule 144A notes.**

Backup withholding and information reporting

Backup withholding and information reporting requirements may apply to certain payments on the Rule 144A notes and proceeds of the sale or redemption of the Rule 144A notes to United States holders. The issuer, its agent, a broker, or any paying agent, as the case may be, may be required to withhold tax from any payment that is subject to backup withholding if the United States holder fails to furnish the United States holder's taxpayer identification number (usually on IRS Form W-9), to certify that such United States holder is not subject to backup withholding, or to otherwise comply with the applicable requirements of the backup withholding rules. Certain United States holders are not subject to the backup withholding and information reporting requirements. Non-United States holders may be required to comply with applicable certification procedures (usually on IRS Form W-8BEN or W-8BEN-E) to establish that they are not United States holders in order to avoid the application of such information reporting requirements and backup withholding.

Payments of principal or interest made to or through a non-U.S. office of a custodian, nominee or other agent acting on behalf of a beneficial owner of a Rule 144A note generally will not be subject to backup withholding. However, if such custodian, nominee or other agent is (i) a United States person (as defined in section 7701(a)(30) of the Code), (ii) a controlled foreign corporation (as defined in section 957(a) of the Code), (iii) a foreign person 50% or more of whose gross income is effectively connected with a U.S. trade or business for a specified three-year period, or (iv) a foreign partnership if (A) at any time during its tax year, one or more of its partners are United States persons (as defined in applicable Treasury Regulations) who in the aggregate hold more than 50% of the income or capital interest in the partnership or (B) at any time during its taxable year, it is engaged in a U.S. trade or business (each of (i) through (iv), a **U.S. connected holder**), such custodian, nominee or other agent may be subject to certain information reporting requirements with respect to such payment unless it has in its records documentary evidence that the beneficial owner is not a United States holder and certain conditions are met or the beneficial owner otherwise establishes an exemption. Principal and interest paid by the U.S. office of a custodian, nominee or agent will be subject to both backup withholding and information reporting unless the beneficial owner certifies its non-U.S. status under penalties of perjury or otherwise establishes an exemption. Payments of proceeds on the sale of a note made to or through a foreign office of a broker will not be subject to backup withholding. However, if such broker is a U.S. connected holder, information reporting will be required unless the broker has in its records documentary evidence that the beneficial owner is not a United States holder and certain conditions are met or the beneficial owner otherwise establishes an exemption. Payments of proceeds on the sale of a note made to or through the U.S. office of a broker will be subject to backup withholding and information reporting unless the beneficial owner certifies, under penalties of perjury, that it is not a U.S. holder or otherwise establishes an exemption.

Backup withholding is not an additional tax. Any amounts withheld under the backup withholding rules will be credited against the United States holder's U.S. federal income tax liability, and may entitle the United States holder to a refund, provided that the required information is furnished to the IRS. **Holders of Rule 144A notes are encouraged to consult their tax advisers as to their qualification for exemption from backup withholding and the procedure for obtaining an exemption**.

Specified foreign financial asset reporting

U.S. taxpayers that own specified foreign financial assets, including debt of non-U.S. entities, with an aggregate value in excess of $50,000 at the end of the taxable year or $75,000 at any time during the

taxable year (or, for certain individuals living outside the United States and married individuals filing joint returns, certain higher thresholds) may be required to file an information report with respect to such assets with their tax returns. The Rule 144A notes are expected to constitute specified foreign financial assets subject to these requirements unless the Rule 144A notes are held in an account at a financial institution (in which case the account may be reportable if maintained by a non-U.S. financial institution). United States holders should consult with tax advisers regarding the application of the rules relating to specified foreign financial asset reporting.

IRS disclosure reporting requirements

U.S. Treasury Regulations (the **disclosure regulations**) meant to require the reporting of certain tax shelter transactions (**reportable transactions**) could be interpreted to cover transactions generally not regarded as tax shelters. Under the disclosure regulations it may be possible that certain transactions with respect to the Rule 144A notes may be characterised as reportable transactions requiring a United States holder to disclose such transaction, such as a sale, exchange, retirement or other taxable disposition of a Rule 144A note that results in a loss that exceeds certain thresholds and other specified conditions are met. **Accordingly, investors are encouraged to consult with their own tax advisers to determine the tax return obligations, if any, with respect to an investment in the Rule 144A notes, including any requirement to file IRS Form 8886 (Reportable Transaction Statement).**

FOREIGN ACCOUNT TAX COMPLIANCE ACT

Pursuant to certain provisions of the Code, commonly known as FATCA, a "foreign financial institution" may be required to withhold on certain payments it makes (**foreign passthru payments**) to persons that fail to meet certain certification, reporting, or related requirements. The issuer may be a foreign financial institution for these purposes. A number of jurisdictions (including the United Kingdom) have entered into, or have agreed in substance to, intergovernmental agreements with the United States to implement FATCA (**IGAs**), which modify the way in which FATCA applies in their jurisdictions. Under the provisions of IGAs as currently in effect, a foreign financial institution in an IGA jurisdiction would generally not be required to withhold under FATCA or an IGA from payments that it makes. Certain aspects of the application of the FATCA provisions and IGAs to instruments such as the notes, including whether withholding would ever be required pursuant to FATCA or an IGA with respect to payments on instruments such as the notes, are uncertain and may be subject to change. Even if withholding would be required pursuant to FATCA or an IGA with respect to payments on instruments such as the notes, such withholding would not apply prior to the date that is two years after the date on which final regulations defining "foreign passthru payments" are published in the U.S. Federal Register and notes characterised as debt (or which are not otherwise characterised as equity and have a fixed term) for U.S. federal tax purposes that are issued on or prior to the date that is six months after the date on which final regulations defining "foreign passthru payments" are filed with the U.S. Federal Register generally would be "grandfathered" for purposes of FATCA withholding unless materially modified after such date. Holders should consult their own tax advisers regarding how these rules may apply to their investment in the notes. In the event any withholding would be required pursuant to FATCA or an IGA with respect to payments on the notes, no person will be required to pay additional amounts as a result of the withholding.

ERISA CONSIDERATIONS

Certain Rule 144A notes specified in the applicable final terms (or, in the case of exempt notes, the applicable pricing supplement) will 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 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 a U.S. or non-U.S., state, local or federal law or regulation that is substantially similar to Section 406 of ERISA or Section 4975 of the Code, subject to consideration of the issues described in this section (**ERISA-eligible notes**). ERISA imposes certain requirements on **employee benefit plans** subject thereto, including entities, accounts or arrangements (such as collective investment funds and separate accounts) whose underlying assets are treated as the assets of such plans for the purposes of ERISA (collectively, **ERISA plans**) and on those persons who are fiduciaries with respect to ERISA plans. Investments by ERISA plans are subject to ERISA's general fiduciary requirements, 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 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 ERISA-eligible 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, accounts or arrangements that are not subject to ERISA but which are subject to Section 4975 of the Code, such as individual retirement accounts or entities whose underlying assets are treated as the assets of plans subject to Section 4975 of the Code (together with ERISA plans, **plans** or **Benefit Plan Investors**)) and certain persons (referred to as **parties in interest** or **disqualified persons**) having certain relationships to such Benefit Plan Investors, unless a statutory or administrative exemption is applicable to the transaction. A party in interest or disqualified person who engages in a prohibited transaction may be subject to excise taxes and other penalties and liabilities under ERISA and the Code. In addition, the persons involved in the prohibited transaction may have to rescind the transaction and pay an amount to the Benefit Plan Investor for any losses realised by the Benefit Plan Investor or profits realized by such persons and certain other liabilities could result that have a significant adverse effect on such persons.

The seller, the issuer, the servicer, the mortgages trustee, Funding 1 or any other party to the transactions contemplated by the transaction documents may be parties in interest or disqualified persons with respect to many Benefit Plan Investors. Prohibited transactions within the meaning of Section 406 of ERISA or Section 4975 of the Code may arise if any of the ERISA-eligible notes is acquired or held by a Benefit Plan Investor with respect to which the issuer, the servicer, the mortgages trustee, Funding 1 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 certain transactions between a plan and a non-fiduciary service provider), 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). 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 notes. Each purchaser and subsequent transferee of any ERISA-eligible note (or interest therein) will be deemed by such purchase or acquisition of any such note (or interest therein) to have represented and warranted, on the date on which the purchaser or transferee acquires such note or interest and from each day

thereafter through and including the date on which the purchaser or transferee disposes of such note or interest, either that (A) it is not, and is not acting on behalf of or using the assets of, a Benefit Plan Investor (including an entity, account or arrangement whose underlying assets are treated for purposes of Section 406 of ERISA or section 4975 of the Code as the assets of any plan subject to such provisions of law) or a governmental, church, non-U.S. or other plan which is subject to any U.S. or non-U.S., federal, state or local law or regulation that is substantially similar to the provisions of Section 406 of ERISA or Section 4975 of the Code, or any law or regulation that provides that the assets of the issuer could be treated as the assets of any such plan, 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 or Section 4975 of the Code (or, in the case of a governmental, church or non-U.S. plan, a violation of any substantially similar U.S. or non-U.S., federal, state or local law or regulation) for which an exemption is not available. Each purchaser and transferee that is, or is acting on behalf of, a Benefit Plan Investor, 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 recommendation or investment advice on which it, or any fiduciary or other person investing the assets of the Benefit Plan Investor (Plan Fiduciary), has relied as a primary basis in connection with its decision to invest in the ERISA-eligible notes, 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 Benefit Plan Investor or the Plan Fiduciary in connection with the Benefit Plan Investor's acquisition of the ERISA-eligible notes and (ii) the Plan Fiduciary is exercising its own independent judgment in evaluating the investment in the ERISA-eligible 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, 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 United States Investment Company Act of 1940, as amended, 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 issuer were deemed under the Plan Asset Regulation to hold plan assets by reason of a plan's investment in any of the ERISA-eligible notes, such plan assets would include an undivided interest in the assets held by the issuer and transactions by the issuer would be subject to the fiduciary responsibility provisions of Title I of ERISA and the prohibited transaction provisions 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 Investors" is defined in the Plan Asset Regulation to include (1) any employee benefit plan (as defined in Section 3(3) of ERISA) subject to Title I of ERISA, (2) any plan described in Section 4975(e)(1) of the Code, and (3) any entity, account or arrangement whose underlying assets are treated for purposes of such provisions of ERISA or the Code as "plan assets" by reason of any such employee benefit plan's or plan's investment in the entity, account or arrangement. 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% 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, that have discretionary authority or control over the assets of the entity or that provide investment advice to the entity for a fee (direct or indirect) with respect to such assets or any "affiliates" of such persons (as defined in the Plan Asset Regulation)) is held by Benefit Plan Investors.

There is little pertinent authority in this area, and securities may change character from debt to equity over time due to changing circumstances. Fiduciaries of Benefit Plan Investors and other plans considering the purchase of notes should consult their counsel in this regard. The applicable final terms (or, in the case of exempt notes, the applicable pricing supplement) will set forth whether such notes will be treated as being ERISA-eligible, although such characterisation of the notes is not conclusive or

binding for purposes of ERISA or Section 4975 of the Code. Benefit Plan Investors should consult the applicable final terms (or, in the case of exempt notes, the applicable pricing supplement) in this regard.

Any insurance company proposing to purchase any of the ERISA-eligible 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 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) (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 any of the ERISA-eligible notes should determine whether, under the documents and instruments governing the plan, an investment in such 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 and liquidity needs in view of the plan's benefit obligations. Any plan proposing to invest in such 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 substantially similar U.S. or non-U.S., state, local or federal law or regulation).

The sale of any ERISA-eligible notes to a plan is in no respect a representation by the seller, the issuer, the servicer, the mortgages trustee, Funding 1 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.

UNITED STATES LEGAL INVESTMENT CONSIDERATIONS

None of the notes will constitute "**mortgage related securities**" under the United States Secondary Mortgage Market Enhancement Act of 1984, as amended.

No representation is made as to the proper characterisation of the notes for legal investment purposes, financial institutional regulatory purposes or other purposes or as to the ability of particular investors to purchase the notes under applicable legal investment restrictions. These uncertainties may adversely affect the liquidity of the notes. Accordingly, all institutions whose investment activities are subject to legal investment laws and regulations, regulatory capital requirements or review by regulatory authorities should consult with their legal advisors in determining whether and to what extent the notes constitute legal investments or are subject to investment, capital or other restrictions.

Any money market notes of the issuer (as detailed in the applicable final terms (or, in the case of exempt notes, the applicable pricing supplement)) will be "Eligible Securities" within the meaning of Rule 2a-7 under the Investment Company Act. Money market notes designated as remarketable notes in the applicable final terms (or, in the case of exempt notes, the applicable pricing supplement) will be sold subject to terms and conditions set out in the applicable final terms (or, in the case of exempt notes, the applicable pricing supplement), which will provide for mandatory transfer on each note mandatory transfer date in respect of the period up to and including the first mandatory transfer date. Thereafter if a remarketing termination event has not occurred, it is expected that the remarketable notes will be "Eligible Securities" within the meaning of Rule 2a-7 in respect of the period up to and including the next following of Rule 2a-7 remain unchanged.

SUBSCRIPTION AND SALE

Any dealers appointed from time to time (together, the **dealers**) in accordance with the programme agreement (as amended from time to time) will be required to agree with the issuer a basis upon which such dealers or any of them may from time to time agree to purchase notes. The issuer may pay the dealers a selling commission and a management and underwriting fee from time to time in connection with the sale of any notes. In the programme agreement, the issuer has agreed to reimburse and indemnify the dealers for certain of their expenses and liabilities in connection with the establishment and any future update of the programme and the issue of the notes under the programme. The dealers will be entitled to be released and discharged from their obligations in relation to any agreement to issue and purchase notes under the programme agreement in certain circumstances prior to the payment to the issuer.

United States

(a) Each dealer appointed under the programme agreement will be required to acknowledge that the Reg S notes have not been and will not be registered under the Securities Act and may not be offered, sold or delivered within the United States or to, or for the account or benefit of, U.S. persons except in accordance with Regulation S or pursuant to any other exemption from the registration requirements of the Securities Act. Each dealer appointed under the programme agreement will represent, warrant and agree that it has not offered, sold or delivered, and will not offer, sell or deliver, any Reg S notes constituting part of its allotment within the United States except in accordance with Rule 903 of Regulation S under the Securities Act. Each dealer appointed under the programme agreement will also represent, warrant and agree that it has not offered, sold or delivered the Reg S notes, and will not offer, sell or deliver the Reg S notes within the United States or to, or for the account or benefit of, U.S. persons (a) as part of their distribution at any time or (b) otherwise until 40 days after the later of the commencement of the offering and the relevant closing date (the **distribution compliance period**), and will only offer, sell or deliver Reg S Notes in accordance with Rule 903 of Regulation S under the Securities Act. Each dealer appointed under the programme agreement will agree that, at or prior to confirmation of sale of Reg S notes, 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 during the distribution compliance period a confirmation or notice to substantially the following effect:

"The Securities covered hereby have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the **Securities Act**), and may not be offered, sold or delivered within the United States or to, or for the account or benefit of, U.S. persons (i) as part of their distribution at any time or (ii) otherwise until 40 days after the later of the commencement of the offering and the closing date, except in either case in accordance with Regulation S under the Securities Act. Terms used above have the meaning given to them by Regulation S."

Each dealer appointed under the programme agreement will represent and agree that neither it, its affiliates nor any persons acting on its or their behalf have engaged or will engage in any directed selling efforts with respect to the Reg S Notes, and it and they have complied and will comply with the offering restrictions requirement of Regulation S. Terms used above have the meaning given to them by Regulation S.

In addition, until the expiration of the distribution compliance period, an offer or sale of the Reg S 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 under the Securities Act.

This base prospectus has been prepared by the issuer for use in connection with the offer and sale of the notes outside the United Sates and the offer and sale of the Rule 144A notes to QIBs that are also QPs in the United States. The issuer and the dealers reserve the right to reject any offer to purchase the notes, in whole or in part, for any reason. This base prospectus does not constitute an offer (under Section 5 of the Securities Act) to any person in the United States or to any U.S. person, other than any QIB within the meaning of Rule 144A that is also a QP within the meaning of Section 2(a)(51)(A) of the Investment Company Act and the rules and regulations thereunder to whom an offer has been made directly by one of the dealers or its U.S. broker-dealer affiliate. Distribution of this base prospectus to any U.S. person or to any other person within the United States, other than any QIB that is also a QP and those persons, if any, retained to advise such non-U.S. person or QIB that is also a QP with respect thereto, is unauthorised and any disclosure without the prior written consent of the issuer of any of its contents to any such U.S. person or other person within the United States, other than any QIB that is also a QP and those persons, if any, retained to advise such non-U.S. person or QIB that is also a QP, is prohibited.

(b) Each dealer appointed under the programme agreement will be required to acknowledge that the Reg S notes and any Rule 144A notes that are not ERISA-eligible notes are not designed for, and may not be purchased or held by, any "employee benefit plan" (as defined in Section 3(3) of ERISA) which is subject to ERISA, or any "plan" as defined in and subject to Section 4975 of the Code, or by any person any of the assets of which are, or are treated for purposes of ERISA or Section 4975 of the Code as, assets of such an "employee benefit plan" or "plan," or by any governmental, church, non-U.S. or other plan which is subject to any U.S. or non-U.S., federal, state or local law or regulation that is substantially similar to the provisions of Section 406 of ERISA or Section 4975 of the Code, and/or law or regulation that provides that the assets of the issuer could be treated as the assets of such plan, and each purchaser of such note will be deemed to have represented, warranted and agreed that it is not (and is not acting on behalf of), and for so long as it holds such note will not be (and will not be acting on behalf of), such an "employee benefit plan", "plan," person, or governmental, church or non-U.S. plan.

(c) Notwithstanding anything above to the contrary, it is understood that Rule 144A notes have not been and will not be registered under the Securities Act and may only be offered and sold either to a non-U.S. person acquiring the notes in an offshore transaction pursuant to an exemption from registration in accordance with Rule 903 or Rule 904 of Regulation S or in the United States or to, or for the account or benefit of, U.S. Persons pursuant to an exemption from registration under the Securities Act, and in connection therewith each dealer appointed under the programme agreement will represent and agree that:

(i) offers, sales, resales and other transfers of notes made in the United States or to or for the account or benefit of U.S. Persons made or approved by a dealer (including offers, resales or other transfers made or approved by a dealer in connection with secondary trading) shall be made with respect to Rule 144A notes only and shall be effected pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act;

(ii) offers, sales, resales and other transfers of Rule 144A notes made in the United States or to or for the account or benefit of U.S. Persons will be made only in private transactions to (1) institutional investors that are reasonably believed to qualify as a "qualified institutional buyers" within the meaning of Rule 144A (each such institutional investor being hereinafter referred to as a **QIB**), (2) pursuant to an exemption from registration under the Securities Act provided by Rule 144 under the Securities Act (if available) and in each of such cases in accordance with any applicable securities laws of any State of the United States or other applicable jurisdiction or (3) pursuant to another available exemption from registration under the Securities Act (if any), in each case, which are also "qualified purchasers" (each a **QP**) within the meaning of Section 2(a)(51)(A) of the Investment Company Act, and the rules and

regulations thereunder. Each dealer appointed under the programme agreement will agree to notify the related purchaser of Rule 144A notes of the private offering nature of such purchase and, accordingly, that such notes are subject to the resale and other transfer restrictions referred to above. Neither any dealer appointed under the programme agreement nor the issuer will be liable for any resales or other transfers made in violation of the foregoing conditions if such resale or transfer was not made by or through the party against whom such liability is sought to be imposed;

(iii) offers, sales, resales and other transfers of Rule 144A notes made in the United States or to or for the account or benefit of U.S. Persons will be made only to a person whom it reasonably believes is a QIB that is a QP who represents that it (a) is a QIB that is also a QP, (b) is not a broker-dealer which owns and invests on a discretionary basis less than U.S.$25,000,000 in securities of unaffiliated issuers, (c) is not a participant-directed employee plan such as a 401(k) plan, (d) is acting for its own account, or the account of one or more QIBs each of which is also a QP, (e) is not formed for the purpose of investing in the notes or the issuer, (f) will provide notice of the transfer restrictions set forth in this base prospectus to any subsequent transferees, and (g) is aware, and each beneficial owner of the notes has been advised, that the sale of the notes to it is being made in reliance on Rule 144A.

(iv) the Rule 144A notes will be offered in the United States or to or for the account or benefit of U.S. Persons only by approaching prospective purchasers on an individual basis. No general solicitation or general advertising within the meaning of Rule 502(c) under the Securities Act will be used in connection with the offering of the Rule 144A notes in the United States;

(v) no sale of Rule 144A notes in the United States to any one QIB will be for less than U.S.$150,000 (or the approximate equivalent in another specified currency) principal amount and no notes will be issued in connection with such a sale in a smaller principal amount. If such purchaser is a non-bank fiduciary acting on behalf of others, each person for whom it is acting must purchase at least U.S.$150,000 (or the approximate equivalent in another specified currency) principal amount of the notes. The U.S.$150,000 minimum purchase amounts (or the approximate equivalent in another specified currency) applies to notes of each maturity and interest rate (or method of calculating interest) and may not be spread among notes of different maturities or interest rates (or methods of calculating interest);

(vi) each Rule 144A global note sold as a part of a private placement in the United States or to or for the account or benefit of U.S. Persons and each Reg S note or definitive Reg S note shall contain a legend in substantially the form set out on the face of such note in the trust deed; and

(vii) each dealer appointed under the programme agreement may offer and sell Rule 144A notes in the United States or to U.S. persons (as defined in Regulation S under the Securities Act) only if such dealer is a registered broker-dealer in the United States or through its selling agent which is a registered broker-dealer in the United States in compliance with the Exchange Act.

(d) The issuer represents and agrees in the programme agreement that any resale or other transfer, or attempted resale or other transfer of notes sold as part of a private placement in the United States made other than in compliance with the restrictions set out in paragraph (b) above shall not be recognised by the issuer or any agent of the issuer and shall be void.

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 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;

(iii) not a qualified investor as defined in Regulation (EU) 2017/1129 (the **EU Prospectus Regulation**); and

(b) the expression "offer" includes the communication in any form and by any means of sufficient information on the terms of the offer and the notes to be offered so as to enable an investor to decide to purchase or subscribe for the 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 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 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 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 domestic law by virtue of the EUWA; or

(iii) not a qualified investor as defined in Article 2 of the UK Prospectus Regulation; and

(b) the expression "offer" includes the communication in any form and by any means of sufficient information on the terms of the offer and the notes to be offered so as to enable an investor to decide to purchase or subscribe for the 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 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 appointed under the programme agreement will represent and agree that:

- 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 any notes other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or as 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 notes would otherwise constitute a contravention of section 19 of the FSMA by the issuer;

- it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received by it in connection with the issue or sale of any notes in circumstances in which section 21(1) of the FSMA does not apply to the issuer; and

- it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any notes in, from or otherwise involving the United Kingdom.

Public Offer Selling Restriction in the UK

Each dealer has represented and agreed that the 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 notes in the UK. Accordingly, the 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), 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 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 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.

Public Offer Selling Restriction in the EEA

In relation to each member state of the European Economic Area which has implemented the EU Prospectus Regulation (each, a **relevant member state**), each dealer has represented and agreed, and

each further dealer appointed under the programme agreement will be required to represent and agree, that with effect from and including the date on which the EU Prospectus Regulation is implemented in that relevant member state (the **relevant implementation date**) it has not made and will not make an offer of notes which are the subject of the offering contemplated by this base prospectus as completed by the applicable final terms (or, in the case of exempt notes, the applicable pricing supplement) in relation thereto to the public in that relevant member state except that it may, with effect from and including the relevant implementation date, make an offer of such notes to the public in that relevant member state:

(a) at any time to any legal entity which is a qualified investor as defined in the EU Prospectus Regulation;

(b) at any time 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 the relevant dealer or dealers nominated by the issuer for any such offer; or

(c) at any time in any other circumstances falling within Article 1(4) of the EU Prospectus Regulation,

provided that no such offer of notes referred to in (a) to (c) above shall require the issuer or any dealer to publish 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 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 notes to be offered, so as to enable an investor to decide to purchase or subscribe for 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.

Republic of Italy

The offering of the notes has not been registered with the Commissione Nazionale per le Società e la Borsa (**CONSOB**) pursuant to Italian securities legislation and, accordingly, no notes may be offered, sold or delivered, nor may copies of this base prospectus or of any other document relating to the notes be distributed in the Republic of Italy, except:

(a) to qualified investors (*investitori qualificati*), as defined in Article 100 of Legislative Decree No. 58 of 24 February 1998, as amended (the **Italian Financial Services Act**) and Article 34-ter, paragraph 1, letter (b) of CONSOB Regulation No. 11971 of 14 May 1999, as amended (the **Regulation No. 11971**); or

(b) in other circumstances that are exempt from the rules on public offering pursuant to Article 100 of the Italian Financial Services Act and Article 34-ter of the Regulation No. 11971.

Any offer, sale or delivery of the notes or distribution of copies of this base prospectus or any other document relating to the notes in the Republic of Italy under paragraph (a) or (b) above must:

(i) be made by an investment firm, bank or financial intermediary permitted to conduct such activities in the Republic of Italy in accordance with the Italian Financial Services Act, CONSOB Regulation No. 20307 of 15 February 2018 and Legislative Decree No. 385 of 1 September 1993, as amended (the **Banking Act**); and

(ii) comply with Article 129 of the Banking Act, as amended from time to time, and the implementing guidelines of the Bank of Italy, as amended from time

to time, pursuant to which the Bank of Italy may request information on the issue or the offer of securities in the Republic of Italy or by Italian persons outside of the Republic of Italy; or

(iii) be in accordance with any other applicable laws and regulations or requirement imposed by CONSOB or the Bank of Italy or other competent authority.

Investors should note that, in accordance with Article 100-*bis* of the Financial Services Act, where no exemption from the rules on public offerings applies under paragraphs (a) and (b) above, the subsequent distribution of the notes on the secondary market in the Republic of Italy must be made in compliance with the public offer and prospectus requirement rules provided under Financial Services Act and Regulation No. 11971. Failure to comply with such rules may result in the sale of such notes being declared null and void and in the liability of the entity transferring the notes for any damages suffered by the purchasers of the notes who are acting outstide fo the course of their business or profession.

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 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 issuer and (for so long as any 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 rated notes);

(c) the person to which such transfer is to be made falls within paragraph 3 of Schedule 2A of the Insolvency Act;

(d) the transferee of such class Z variable funding note is independent of the issuer within the meaning of regulation 2(1) of the Taxation of Securitisation Companies Regulations 2006; and

(e) the transferee is a qualifying noteholder and has provided a tax certificate.

The entries in the register shall be conclusive evidence of title to and, where noted therein, beneficial interest in any class Z variable funding notes in the absence of manifest error, and the issuer, Funding 1, the mortgages trustee, the note trustee, the security trustee and the registrar shall be entitled to treat the registered holder whose identity is recorded in the register as the holder of that class Z variable funding note, except as ordered by a court of competent jurisdiction or as required by application of law, notwithstanding notice to the contrary or anything to the contrary contained herein (but subject to any annotation of the register in respect of the beneficial interest of the class Z variable funding noteholder) unless such person is designated a nominee for another person when, at its election, such other person may be treated as the said holder. No transfer or assignment of any class Z variable funding note otherwise permitted hereunder shall be effective unless and until it has been duly recorded in the register.

General

Each dealer appointed under the programme agreement has represented and agreed, and each further dealer appointed under the programme agreement will be required to represent and agree, that it has complied and will comply with all applicable securities laws and regulations in force in any jurisdiction

in which it purchases, offers, sells or delivers notes or possesses them or distribute the 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 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 issuer shall have no responsibility for them. Furthermore, each dealer will represent and agree that it will not directly or indirectly offer, sell or deliver any notes or distribute or publish the base prospectus, any supplement to base prospectus, form of application, offering circular, 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 notes by it will be made on the same terms.

The issuer does not represent and each dealer appointed under the programme agreement will not represent that notes may at any time lawfully be sold in compliance with any application, registration or other requirements in any jurisdiction (other than as described above), or pursuant to any exemption available thereunder, or assume any responsibility for facilitating such sale.

Each dealer appointed under the programme agreement will agree that it will, unless prohibited by applicable law, furnish to each person to whom it offers or sells notes a copy of the base prospectus and the applicable final terms (or, in the case of exempt notes, the applicable pricing supplement), in each case as then amended or supplemented or, unless delivery of the base prospectus or the applicable final terms (or, in the case of exempt notes, the applicable pricing supplement) is required by applicable law, inform each such person that a copy will be made available upon request. The dealers are not and will not be authorised to give any information or to make any representation other than those contained in or consistent with those contained in the base prospectus or the applicable final terms (or, in the case of exempt notes, the applicable pricing supplement) or the information approved in writing and provided by the issuer, Funding 1, the mortgages trustee or Nationwide in connection with the offer and sale of notes to which the base prospectus relates.

This base prospectus may be used by the dealers for offers and sales related to market making transactions in the notes. All or any one of the dealers may act as principal or agent in these transactions. These sales will be made at prices relating to prevailing market prices at the time of sale. None of the dealers has any obligation to make a market in the notes, and any market making may be discontinued at any time without notice.

TRANSFER RESTRICTIONS AND INVESTOR REPRESENTATIONS

Offers and sales by the initial purchasers

The notes have not been and will not be registered under the Securities Act or the securities laws of any state of the United States or other jurisdiction, and may not be offered, sold or delivered within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S under the Securities Act) 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 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 that are also QPs acting for their own account, or for the account or benefit of one or more QIBS, in reliance on Rule 144A or another exemption from registration under the Securities Act and in accordance with any state securities law who are also QPs and (ii) in the case of the Reg S notes, outside the United States to non-U.S. persons in reliance on 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

Each purchaser of the notes (which term for the purposes of this section will be deemed to include any purchaser of beneficial interests in the notes, including interests represented by a global note and book-entry interests) will be deemed to have represented and agreed as follows:

(1) the notes are only being offered in a transaction that does not require registration under the Securities Act and the notes have not been and will not be registered under the Securities Act or the securities laws of any state of the United States or any other jurisdiction and accordingly, may not be offered, sold, pledged or otherwise transferred within the United States or to, or for the account or benefit of, U.S. persons except in accordance with the restrictions described below;

(2) (A) in the case of the Rule 144A notes, it is a QIB that is also a QP that (i) was not formed for the purpose of investing in the notes or the issuer, (ii) is not a broker dealer which owns and invests on a discretionary basis less than U.S.$25,000,000 in securities of unaffiliated issuers, (iii) is not a participant-directed employee plan such as a 401(k) plan, and is acquiring such notes for its own account or as a fiduciary or agent for others (which others must also be QIBs that are also QPs) for investment purposes and not for distribution in violation of the Securities Act, and it is able to bear the economic risk of an investment in the notes and has such knowledge and experience in financial and business matters as to be capable of evaluating the merits and risks of purchasing the notes and it is aware, and each beneficial owner of the notes has been advised, that the sale of such notes is being made in reliance on Rule 144A; or (B) in the case of the Reg S notes, it is not a U.S. person (within the meaning of Regulation S) or an affiliate of the issuer or a person acting on behalf of such an affiliate and is acquiring such notes for its own account or as a fiduciary or agent for other non-U.S. persons in an offshore transaction (as defined in Regulation S, an **offshore transaction**) pursuant to an exemption provided by Regulation S;

(3) it understands that the issuer has not been registered under the Investment Company Act;

(4) it understands that the notes are being offered only in a transaction that does not require registration under the Securities Act and, if it decides to resell or otherwise transfer Rule 144A notes, then it agrees that it will resell or transfer such notes only: (A) so long as such notes are eligible for resale pursuant to Rule 144A, to a person whom the seller reasonably believes is a QIB acquiring the Rule 144A notes for its own account or as a fiduciary or agent for others (which others must also be QIBs that are also QPs) to whom notice is given that the resale or other transfer is being made in reliance on Rule 144A; (B) pursuant to an exemption from registration provided by Rule 144 under the Securities Act (if available); (C) to a non-U.S. person acquiring the notes in an offshore transaction pursuant to an exemption from registration in accordance with Rule 903 or Rule 904 of Regulation S; (D) pursuant to another available exemption from the registration requirements of the Securities Act; or (E) pursuant to an effective registration statement under the Securities Act, in each case to an investor that is also a QP in accordance with any applicable securities laws of any State or other jurisdiction of the United States, provided that the agreement of such purchaser is subject to any requirement of law that the disposition of the purchaser's property shall at all times be and remain within its control;

(5) each purchaser and subsequent transferee of any ERISA-eligible note (or interest therein) will be deemed by such purchase or acquisition of any such ERISA-eligible note (or interest therein) to have represented and warranted, on and from each day after the date on which the purchaser or transferee acquires such ERISA-eligible note or interest through and including the date on which the purchaser or transferee disposes of such ERISA-eligible note or interest, either that (A) it is not, and is not acting on behalf of or using the assets of, a Benefit Plan Investor (as defined in "**ERISA Considerations**") or a governmental, church, non-U.S. or other plan which is subject to any U.S. or non-U.S., federal, state or local law or regulation that is substantially similar to the provisions of Section 406 of ERISA or Section 4975 of the Code, and/or law or regulation that provide that any assets of the issuer could be treated as the assets of such plan, or (B) its acquisition, holding and disposition of such ERISA-eligible note (or interest therein) will not constitute or result in a prohibited transaction under Section 406 of ERISA or Section 4975 of the Code (or, in the case of a governmental, church or non-U.S. plan, a violation of any substantially similar U.S. or non-U.S., federal, state or local law or regulation) for which an exemption is not available;

(6) Each purchaser and transferee that is, or is acting on behalf of, a Benefit Plan Investor, 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 recommendation or investment advice on which it, or any fiduciary or other person investing the assets of the Benefit Plan Investor (**Plan Fiduciary**), has relied as a primary basis in connection with its decision to invest in the ERISA-eligible notes, 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 Benefit Plan Investor or the Plan Fiduciary in connection with the Benefit Plan Investor's acquisition of the ERISA-eligible notes and (ii) the Plan Fiduciary is exercising its own independent judgment in evaluating the investment in the ERISA-eligible notes.

(7) each purchaser and subsequent transferee of any Reg S note or any Rule 144A note (or interest therein) that is not an ERISA-eligible note will be deemed by such purchase or acquisition of any such note (or interest therein) to have represented and warranted, on the date on which the purchaser or transferee acquires such note or interest and each day thereafter through and including the date on which the purchaser or transferee disposes of such note or interest, that it is not, and is not acting on behalf of or using the assets of, a Benefit Plan Investor (as defined in "**ERISA Considerations**") or a governmental, church, non-U.S. or other plan which is subject to any U.S. or non-U.S., federal, state or local law or regulation that is substantially similar to the provisions of Section 406 of ERISA or Section 4975 of the Code, and/or law or

regulation that provide that the assets of the issuer could be deemed to include the assets of such plan;

(8) it understands that the issuer, the registrar, the dealers and their affiliates, and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements. If it is acquiring any notes for the account of one or more QIBs each of which is also a QPsit represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of each such account;

(9) it understands that the notes offered in reliance on Rule 144A will be represented by the Rule 144A global notes. Before any interest in the Rule 144A global note may be offered, sold, pledged or otherwise transferred to a person who takes delivery in the form of an interest in the Reg S global note, it will be required to provide a transfer agent with a written certification (in the form provided in the note trust deed) as to compliance with applicable securities laws;

(10) it also understands that the notes offered in reliance on Reg S will be represented by the Reg S global notes. Prior to the expiration of the distribution compliance period, before any interest in the Reg S global note may be offered, sold, pledged or otherwise transferred to a person who takes delivery in the form of an interest in the Rule 144A global note, it will be required to provide a transfer agent with a written certification (in the form provided in the note trust deed) as to compliance with applicable securities laws; and

(11) if it is a dealer of the type described in paragraph (a)(1)(ii) of Rule 144A, it owns and invests on a discretionary basis not less than $10,000,000 in securities of issuers that are not affiliated with it.

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:

"THE NOTE REPRESENTED HEREBY 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 OF THE UNITED STATES AND PRIOR TO THE DATE THAT IS 40 DAYS AFTER THE LATER OF THE COMMENCEMENT OF THE OFFERING OF THE NOTES AND THE CLOSING DATE, MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED IN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, A U.S. PERSON (AS DEFINED IN REGULATION S 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 THE UNITED STATES OR ANY OTHER JURISDICTION. THE ISSUER HAS NOT BEEN REGISTERED AND DOES NOT INTEND TO REGISTER AS AN "INVESTMENT COMPANY" UNDER THE UNITED STATES INVESTMENT COMPANY ACT OF 1940, AS AMENDED. THE HOLDER HEREOF, BY PURCHASING OR ACCEPTING THIS NOTE, REPRESENTS AND AGREES FOR THE BENEFIT OF THE ISSUER AND THE RELEVANT DEALERS THAT NO PART OF THE ASSETS USED TO PURCHASE THIS NOTE CONSTITUTES ASSETS OF ANY EMPLOYEE BENEFIT PLAN, OTHER PLAN OR INDIVIDUAL RETIREMENT ACCOUNT SUBJECT TO TITLE I OF THE UNITED STATES EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED (**ERISA**), OR SECTION 4975 OF THE UNITED STATES INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE **CODE**), OR A GOVERNMENTAL, CHURCH, NON-U.S. OR OTHER PLAN WHICH IS SUBJECT TO ANY U.S. OR NON-U.S., FEDERAL, STATE OR LOCAL LAW OR REGULATION THAT IS SUBSTANTIALLY SIMILAR TO THE PROVISIONS OF SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE, AND/OR LAW OR REGULATION THAT PROVIDE THAT THE ASSETS OF THE ISSUER COULD BE DEEMED TO INCLUDE THE ASSETS OF SUCH PLAN."

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.

"THE NOTE REPRESENTED HEREBY HAS NOT BEEN REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE **SECURITIES ACT**), OR THE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR ANY OTHER JURISDICTION, AND MAY NOT BE OFFERED, SOLD OR DELIVERED IN VIOLATION OF THE SECURITIES ACT OR SUCH STATE OR OTHER LAWS. THE ISSUER HAS NOT BEEN REGISTERED AND DOES NOT INTEND TO REGISTER AS AN "INVESTMENT COMPANY" UNDER THE UNITED STATES INVESTMENT COMPANY ACT OF 1940, AS AMENDED. THIS NOTE MAY BE TRANSFERRED ONLY IN INITIAL PRINCIPAL AMOUNTS OF $150,000 AND INTEGRAL MULTIPLES OF $1,000 IN EXCESS THEREOF (OR ITS EQUIVALENT IN ANY OTHER CURRENCY AS AT THE DATE OF ISSUE OF SUCH NOTES). THE HOLDER HEREOF, BY PURCHASING OR ACCEPTING THIS NOTE, REPRESENTS AND AGREES FOR THE BENEFIT OF THE ISSUER AND THE DEALERS OF THE OFFERING OF THE NOTES OUTSIDE THE UNITED STATES THAT IT WILL OFFER, RESELL, PLEDGE OR OTHERWISE TRANSFER THIS NOTE, ONLY (A) (1) IN ACCORDANCE WITH RULE 144A UNDER THE SECURITIES ACT (**RULE 144A**), TO A PERSON WHOM THE SELLER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER, AS DEFINED IN RULE 144A (A **QUALIFIED INSTITUTIONAL BUYER**) THAT IS ALSO A QUALIFIED PURCHASER (A **QUALIFIED PURCHASER**) WITHIN THE MEANING OF SECTION 2(A)(51)(A) OF THE UNITED STATES INVESTMENT COMPANY ACT OF 1940, AS AMENDED, AND THE RULES AND REGULATIONS THEREUNDER, THAT IS ACQUIRING THIS NOTE FOR ITS OWN ACCOUNT OR AS A FIDUCIARY OR AGENT FOR OTHERS (WHICH OTHERS MUST BE QUALIFIED INSTITUTIONAL BUYERS THAT ARE ALSO QUALIFIED PURCHASERS) TO WHOM NOTICE IS GIVEN THAT THE RESALE OR OTHER TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A, (2) PURSUANT TO AN EXEMPTION FROM REGISTRATION IN ACCORDANCE WITH RULE 144 UNDER THE SECURITIES ACT (IF AVAILABLE) TO AN INVESTOR WHO IS ALSO A QP, (3) TO A NON-U.S. PERSON (AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT), IN AN OFFSHORE TRANSACTION IN ACCORDANCE WITH RULE 903 OR RULE 904 OF REGULATION S UNDER THE SECURITIES ACT, (4) PURSUANT TO ANOTHER AVAILABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT TO AN INVESTOR WHO IS ALSO A QP OR (5) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT TO AN INVESTOR WHO IS ALSO A QP, IN EACH CASE IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR OTHER JURISDICTION AND (B) WITH RESPECT TO THE NOTES SPECIFIED IN THE APPLICABLE FINAL TERMS TO BE ERISA ELIGIBLE, TO A PURCHASER WITH RESPECT TO WHOM EITHER (X) NO PART OF THE ASSETS USED TO PURCHASE THIS NOTE CONSTITUTES ASSETS OF ANY EMPLOYEE BENEFIT PLAN SUBJECT TO TITLE I OF THE UNITED STATES EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED (**ERISA**), OR ANY PLAN AS DEFINED IN AND SUBJECT TO SECTION 4975 OF THE UNITED STATES INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE **CODE**), OR ANY PERSON ANY OF THE ASSETS OF WHICH ARE, OR ARE TREATED FOR PURPOSES OF ERISA OR SECTION 4975 OF THE CODE AS, ASSETS OF SUCH AN EMPLOYEE BENEFIT PLAN OR PLAN (EACH OF THE FOREGOING, A **BENEFIT PLAN INVESTOR**), OR A GOVERNMENTAL PLAN (AS DEFINED IN SECTION 3(32) OF ERISA), CHURCH PLAN (AS DEFINED IN SECTION 3(33) OF ERISA) OR NON-U.S. PLAN (AS DESCRIBED IN SECTION 4(b)(4) OF ERISA) SUBJECT TO U.S. OR NON-U.S., FEDERAL, STATE OR LOCAL LAW OR REGULATION SUBSTANTIALLY SIMILAR TO SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE, OR LAW OR REGULATION THAT PROVIDES THAT THE ASSETS OF THE ISSUER COULD BE TREATED AS THE ASSETS OF ANY SUCH PLAN OR (Y) PART OR ALL OF THE ASSETS USED TO PURCHASE THIS NOTE CONSTITUTE ASSETS OF AN EMPLOYEE BENEFIT PLAN OR

OTHER PLAN SUBJECT TO TITLE I OF ERISA OR SECTION 4975 OF THE CODE OR ANY PERSON ANY OF THE ASSETS OF WHICH ARE, OR ARE TREATED FOR PURPOSES OF ERISA OR SECTION 4975 OF THE CODE AS, ASSETS OF SUCH AN EMPLOYEE BENEFIT PLAN OR PLAN, OR GOVERNMENTAL, CHURCH OR NON-U.S. PLAN IF AND ONLY IF THE USE OF SUCH ASSETS WILL NOT CONSTITUTE, CAUSE OR RESULT IN THE OCCURRENCE OF A NON-EXEMPT PROHIBITED TRANSACTION UNDER ERISA OR SECTION 4975 OF THE CODE (OR IN THE CASE OF A GOVERNMENTAL, CHURCH OR NON-U.S. PLAN, A VIOLATION OF ANY SUBSTANTIALLY SIMILAR U.S. OR NON-U.S., FEDERAL, STATE OR LOCAL LAW OR REGULATION). EACH PURCHASER AND TRANSFEREE THAT IS, OR IS ACTING ON BEHALF OF, A BENEFIT PLAN INVESTOR, 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 RECOMMENDATION OR INVESTMENT ADVICE ON WHICH IT, OR ANY FIDUCIARY OR OTHER PERSON INVESTING THE ASSETS OF THE BENEFIT PLAN INVESTOR (PLAN FIDUCIARY), HAS RELIED AS A PRIMARY BASIS IN CONNECTION WITH ITS DECISION TO INVEST IN THE ERISA-ELIGIBLE NOTES, 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 BENEFIT PLAN INVESTOR OR THE PLAN FIDUCIARY IN CONNECTION WITH THE BENEFIT PLAN INVESTOR'S ACQUISITION OF THE ERISA-ELIGIBLE NOTES AND (II) THE PLAN FIDUCIARY IS EXERCISING ITS OWN INDEPENDENT JUDGMENT IN EVALUATING THE INVESTMENT IN THE ERISA-ELIGIBLE NOTES.IF THE NOTE REPRESENTED HEREBY IS NOT SPECIFIED IN THE APPLICABLE FINAL TERMS AS ERISA-ELIGIBLE, THE HOLDER HEREOF, BY PURCHASING OR ACCEPTING THIS NOTE, AGREES FOR THE BENEFIT OF THE ISSUER AND THE RELEVANT DEALERS THAT NO PART OF THE ASSETS USED TO PURCHASE THIS NOTE CONSTITUTES ASSETS OF ANY EMPLOYEE BENEFIT PLAN, OTHER PLAN OR INDIVIDUAL RETIREMENT ACCOUNT SUBJECT TO TITLE I OF ERISA, OR SECTION 4975 OF THE CODE, OR ANY PERSON ANY OF THE ASSETS OF WHICH ARE, OR ARE TREATED FOR PURPOSES OF ERISA OR SECTION 4975 OF THE CODE AS, ASSETS OF SUCH AN EMPLOYEE BENEFIT PLAN OR PLAN, OR A GOVERNMENTAL, CHURCH OR NON-U.S. PLAN WHICH IS SUBJECT TO ANY FEDERAL, STATE, LOCAL OR NON-U.S. LAW OR REGULATION THAT IS SUBSTANTIALLY SIMILAR TO THE PROVISIONS OF SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE. THIS NOTE AND RELATED DOCUMENTATION MAY BE AMENDED OR SUPPLEMENTED FROM TIME TO TIME TO MODIFY THE RESTRICTIONS ON AND PROCEDURES UNDERTAKEN OR REPRESENTED BY THE HOLDER, FOR RESALES AND OTHER TRANSFERS OF THIS NOTE TO REFLECT ANY CHANGE IN APPLICABLE LAW OR REGULATION (OR THE INTERPRETATION THEREOF) OR IN PRACTICES RELATING TO RESALES OR OTHER TRANSFERS OR RESTRICTED SECURITIES GENERALLY. THE HOLDER OF THIS NOTE AND ANY BENEFICIAL OWNER OF ANY INTEREST THEREIN SHALL BE DEEMED, BY ITS ACCEPTANCE OR PURCHASE HEREOF, TO HAVE AGREED TO ANY SUCH AMENDMENT OR SUPPLEMENT (EACH OF WHICH SHALL BE CONCLUSIVE AND BINDING ON THE HOLDER HEREOF AND ALL FUTURE HOLDERS OF THIS NOTE AND ANY NOTES ISSUED IN EXCHANGE OR SUBSTITUTION HEREFOR, WHETHER OR NOT ANY NOTATION THEREOF IS MADE HEREON) AND AGREES TO TRANSFER THIS NOTE ONLY IN ACCORDANCE WITH ANY SUCH AMENDMENT OR SUPPLEMENT IN ACCORDANCE WITH APPLICABLE LAW IN EFFECT AT THE DATE OF SUCH TRANSFER. NO REPRESENTATION CAN BE MADE AS TO THE AVAILABILITY OF THE EXEMPTION PROVIDED BY RULE 144 UNDER THE SECURITIES ACT FOR RESALES OF THIS NOTE."

EACH PERSON WHO PURCHASES OR OTHERWISE ACQUIRES THIS NOTE (OR A BENEFICIAL INTEREST HEREIN) IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A, BY PURCHASING SUCH INTEREST, IS ALSO DEEMED TO REPRESENT, WARRANT, ACKNOWLEDGE AND AGREE FOR THE BENEFIT OF THE ISSUER THAT IT, AND EACH PERSON FOR WHICH IT IS ACTING, (i) IS A QIB THAT IS A QP, (ii) WAS NOT

FORMED FOR THE PURPOSE OF INVESTING IN THE ISSUER OR THE NOTES, (iii) IS NOT A BROKER DEALER WHICH OWNS AND INVESTS ON A DISCRETIONARY BASIS LESS THAN U.S.$25,000,000 IN SECURITIES OF UNAFFILIATED ISSUERS, (iv) IS NOT A PARTICIPANT DIRECTED EMPLOYEE PLAN, SUCH AS A 401(k) PLAN, (v) IS ACTING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF ONE OR MORE QIBs EACH OF WHICH IS ALSO A QP, (vi) IT, AND EACH ACCOUNT FOR WHICH IT HOLDS THE NOTES, WILL HOLD AND TRANSFER BENEFICIAL INTERESTS IN THE NOTES IN A PRINCIPAL AMOUNT THAT IS NOT LESS THAN U.S.$150,000, AND (vii) IT WILL PROVIDE NOTICE OF THE FOREGOING TRANSFER RESTRICTIONS TO ANY SUBSEQUENT TRANSFEREES.

THE ISSUER MAY COMPEL EACH BENEFICIAL HOLDER HEREOF TO CERTIFY PERIODICALLY THAT SUCH OWNER IS A QIB AND A QP.

Prospective purchasers are hereby notified that sellers of the 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.

CERTAIN RELATIONSHIPS

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, Funding 1 or the issuer on the one hand and the servicer, the note trustee, the issuer security trustee, the Funding 1 security trustee, the mortgages trustee, the seller, the Funding 1 swap provider, any 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 notes.

Pursuant to the transaction documents, there are numerous relationships involving or relating to the notes or the portfolio between the seller, the servicer, the cash manager, Funding 1 or the issuer on the one hand and the servicer, the note trustee, the issuer security trustee, the Funding 1 security trustee, the mortgages trustee, the Funding 1 swap provider, each issuer swap provider, the cash manager, the account banks or any affiliates of such parties on the other hand that currently exists or that existed during the past two years and that would be material to the notes.

For the material terms of the relationship with the servicer, see "**Servicing Agreement**", with the issuer security trustee, see "**Security for the issuer's obligations—Appointment, powers, responsibilities and liabilities of the issuer security trustee**", with the Funding 1 security trustee, see "**Security for Funding 1's obligations—Appointment, powers, responsibilities and liabilities of the Funding 1 security trustee**", with the mortgages trustee, see "**The Mortgages Trust**", with the seller, see "**The mortgage sale agreement—Sale of loans and their related security to the mortgages trustee**", with the Funding 1 swap provider, see "**The swap agreements—The Funding 1** swaps", with each issuer swap provider, see "**The swap agreements—The issuer swaps**", with the cash manager, see "**Cash management agreements—Cash management agreement—**Cash management services provided in relation to the mortgages trust**Cash management services provided in relation to the mortgages trust**", and "**Cash management agreements—Issuer Cash Management Agreement—Cash management services to be provided to the issuer and, following enforcement of the issuer security, the issuer security trustee**" and with the account banks, see "**The bank account agreements**". See "**Fees**" for a summary of fee amounts relating to the foregoing relationships.

LISTING AND GENERAL INFORMATION

Legal entity identifier

The legal entity identifier (LEI) of the issuer is: 549300P6OXWKM20QS303.

Authorisation

The establishment and update of the programme and the issue of each series of notes from time to time has been authorised by resolution of the board of directors of the issuer passed on 14 July 2008.

Listing of notes

Application has been made to the FCA in its capacity as competent authority under the FSMA for the rated notes issued during the period of 12 months from the date of this base prospectus to be admitted to the official list of the FCA (the **Official List**). Application will also be made to the London Stock Exchange for each class of the rated notes to be admitted to trading on the main market of the London Stock Exchange. Admission to the Official List together with admission to the London Stock Exchange's main market (being a regulated market for the purposes of UK MiFIR) constitute official listing on the London Stock Exchange.

It is expected that each series and class (or sub-class) of rated 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 representing the notes of each series and class (or sub-class) and to making the applicable final terms relating to the rated notes available to the public in accordance with the UK Prospectus Regulation and associated UK and EU implementing legislation. Prior to listing, however, dealings will be permitted by the London Stock Exchange in accordance with its rules.

This base prospectus has been prepared in compliance with the prospectus rules made under Part VI of the FSMA.

The issuer accepts responsibility for the information contained in this base prospectus. To the best of the knowledge of the 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 Rule 144A notes will normally be effected for settlement in U.S. dollars 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 plc in accordance with its rules.

The rated notes have been accepted for clearance through DTC, Clearstream, Luxembourg and/or Euroclear. The appropriate CUSIP numbers, common codes and/or ISINs for each series and class (or sub-class) of notes will be specified in the applicable final terms (or, in the case of exempt notes, the applicable pricing supplement).

Litigation

There are no, and have not been, any governmental, legal or arbitration proceedings or enforcement proceedings which may have or have had in the recent past a significant effect upon the financial position or profitability of the issuer, Funding 1, Holdings, the post-enforcement call option holder or the mortgages trustee (as the case may be) nor, so far as the issuer, Funding 1, Holdings, the post-enforcement call option holder or the mortgages trustee, respectively, is aware, are any such governmental, legal or arbitration proceedings pending or threatened.

There are currently no legal or arbitration proceedings pending (or known by Nationwide to be contemplated by governmental authorities) against Nationwide or of which any property of Nationwide is the subject that is material to holders of the notes.

Accounts

Statutory accounts within the meaning of the Companies Act 2006 in respect of the financial years ended on 4 April 2009, 4 April 2010, 4 April 2011, 4 April 2012, 4 April 2013, 4 April 2014, 4 April 2015, 4 April 2016, 4 April 2017, 4 April 2018, 4 April 2019, 4 April 2020, 4 April 2021, 4 April 2022 and 4 April 2023 have been prepared by the issuer. So long as the rated notes are listed on the Official List of the FCA and are trading on the London Stock Exchange, the most recently published audited annual accounts of the issuer from time to time shall be available at the specified office of the principal paying agent in London. The issuer does not publish interim accounts.

Since the date of its incorporation, neither the issuer nor Funding 1 has entered into any contracts or arrangements not being in the ordinary course of business.

Significant or material change

Since 5 June 2008 (the date of incorporation of the post-enforcement call option holder and Holdings), there has been (1) no material adverse change in the prospects of the post-enforcement call option holder or Holdings and (2) no significant change in the financial position or financial performance of the post-enforcement call option holder or Holdings.

Since 21 August 2015 (the date of incorporation of the mortgages trustee), there has been (1) no material adverse change in prospects of the mortgages trustee and (2) no significant change in the financial position or financial performance of the mortgages trustee.

Since the date of Funding 1's last published statutory accounts for the period ended 4 April 2023, there has been (1) no material adverse change in the prospects of Funding 1 and (2) no significant change in the financial position or financial performance of Funding 1.

Since the date of the issuer's last published statutory accounts for the period ended 4 April 2023, there has been (1) no material adverse change in the prospects of the issuer and (2) no significant change in the financial position or financial performance of the issuer.

Valuations

The applicable final terms (or, in the case of exempt notes, the applicable pricing supplement) for a series of notes will show the outstanding principal balances over the range of LTV ratios, which express the outstanding principal balance of the aggregate of loans (excluding further lending, capitalised arrears, capitalised high LTV fees, insurance fees, booking fees and valuation fees) as at the date of the origination of the loans divided by the value of the property securing the loans at the date of the first advance. The seller is not expected to revalue any of the mortgaged properties between the date of origination of the related loan and the sale of such loan to the mortgages trust other than, for instance, where an additional lending is applied for or advanced on an account after origination, in which case the original valuation may be updated with a more recent valuation. Where this is the case, the revised valuation will be used in formulating the LTV stratifications at origination for the applicable final terms (or, in the case of exempt notes, the applicable pricing supplement).

Documents available

From the date of this base prospectus and for so long as any series and class (or sub-class) of rated notes issued by the issuer remain outstanding (including during the period while the base prospectus is valid and the notes are admitted to the Official List), copies of the following documents may, when published, be inspected at the registered office of the issuer and from the specified office of the principal paying

agent during usual business hours, on any weekday (public holidays excepted) on the Nationwide website at http://www.nationwide.co.uk/investorrelations) (the website and the contents thereof do not form part of this base prospectus):

(A) the memorandum and articles of association of each of the issuer, Funding 1, Holdings, the mortgages trustee and the post-enforcement call option holder;

(B) a copy of the base prospectus and the applicable final terms;

(C) any future offering circulars, prospectuses, final terms, information memoranda and supplement including final terms (as applicable) (save that any pricing supplement relating to exempt notes will be available for inspection only by the dealers or underwriters, as applicable, as specified in the applicable pricing supplement 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 note to which the applicable pricing supplement relates) to the base prospectus and any other documents incorporated therein or therein by reference; and

(D) each of the following documents:

- the programme agreement;
- each subscription agreement;
- each intercompany loan agreement;
- the mortgages trust deed;
- the controlling beneficiary deed;
- the mortgage sale agreement;
- the issuer deed of charge;
- each deed of accession to the issuer deed of charge;
- each Scottish declaration of trust;
- the Funding 1 deed of charge;
- each deed of accession to the Funding 1 deed of charge;
- the Funding 1 swap agreement;
- each issuer swap agreement and any related swap guarantees;
- the note trust deed;
- the paying agent and agent bank agreement;
- the servicing agreement;
- the cash management agreement;
- the issuer cash management agreement;
- the post-enforcement call option agreement;
- any mortgages trustee bank account agreement;
- any mortgages trustee collateral agreement;
- any Funding 1 bank account agreement;
- any Funding 1 collateral agreement;
- any issuer bank account agreement;
- the master definitions and construction schedule;
- the issuer master definitions and construction schedule;
- each start-up loan agreement;
- the mortgages trustee corporate services agreement;
- the Funding 1 corporate services agreement;
- the issuer corporate services agreement;
- the post-enforcement call option holder corporate services agreement;
- the Holdings corporate services agreement;
- any other deeds of accession or supplemental deeds relating to any such documents;
- each maturity purchase deed;

- any eligible custody agreement; and
- any other transaction document entered into from time to time.

Issuer confirmation

The issuer confirms that the securitised assets backing the issue of the notes, namely the distributions from Funding 1 to the issuer in respect of a intercompany loan term advance issued by Funding 1 corresponding to the related series of notes, and ultimately the interest and principal receipts in respect of the mortgage loans and their related security, have characteristics that demonstrate capacity to produce funds to service any payments due and payable on the notes. However, investors are advised that this confirmation is based on the information available to the issuer on the date of this base prospectus and may be affected by the future performance of such mortgage loans. Consequently, in relation to any series of notes, investors are advised to review carefully any disclosure in this base prospectus and the applicable final terms together with any amendments and supplements thereto.

Funding 1 confirmation

Funding 1 confirms that the securitised assets backing the issue of the intercompany loan term advances corresponding to the related series of notes, namely the interest and principal receipts in respect of the mortgage loans and their related security, have characteristics that demonstrate capacity to produce funds to service any payments due and payable on the intercompany loan term advances corresponding to the related series of notes. However, investors are advised that this confirmation is based on the information available to Funding 1 on the date of this base prospectus and may be affected by the future performance of such mortgage loans. Consequently, investors are advised to review carefully any disclosure in this base prospectus and the applicable final terms together with any amendments and supplements thereto.

Investor reports and information

The issuer will provide post-issuance transaction information from the date of this base prospectus as long as any series and class (or sub-class) of notes issued by the issuer remains outstanding (including during the period while the base prospectus is valid and the notes are admitted to the Official List). Monthly reports, which will include information on the loans and payments in arrears and which are prepared by the issuer cash manager in relation to the issuer, will be published on the Nationwide website (http://www.nationwide.co.uk/investorrelations). Such reports may be issued more frequently at the discretion of the issuer cash manager. Such reports are not incorporated by reference into this base prospectus.

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 reports.

Reporting under the UK Securitisation Regulation

The seller will procure the publication of:

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

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

in each case simultaneously each quarter (to the extent required under Article 7(1) of the UK Securitisation Regulation). The seller shall procure that such information is published on the website of

SecRep Limited (www.secrep.co.uk) and Euro ABS Limited (https://www.euroabs.com/IH.aspx?d=11842) or as otherwise required by the UK Securitisation Regulation. For the avoidance of doubt, this website 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 documents required pursuant to the UK Securitisation Regulation (including the documents required under Articles 7(1)(a) and 7(1)(b) of the UK Securitisation Regulation, such as the transaction documents, this base prospectus and any supplements thereto, and certain loan-by-loan information in relation to the portfolio) are made available (in draft form, if applicable) prior to the pricing of any series of notes issued after 1 January 2019 (and in final form, if applicable, at the latest 15 days after the closing of any series of notes); and

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

in each case on the website of SecRep Limited (www.secrep.co.uk) and Euro ABS Limited (https://www.euroabs.com/IH.aspx?d=11842) or as otherwise required by the UK Securitisation Regulation.

The seller will make the information referred to above available to the holders of any of the notes, relevant competent authorities and, upon request, to potential investors in the notes. Any documents provided in draft form are subject to amendment and completion without notice.

Reporting under the EU Securitisation Regulation

The 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 equivalence regime or similar analogous concept), the seller (as originator) will undertake to the issuer 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) as required by and in accordance with Article 7(1)(e) of the EU Securitisation Regulation (as such regulation is in force as at the issue date in respect of such series of notes);

(b) certain loan-by-loan 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 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 in respect of such series of notes) without delay.

The seller shall procure that such information is published on the website of Euro ABS Limited (https://www.euroabs.com/IH.aspx?d=11842) or as otherwise required by the EU Securitisation Regulation. 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 notes, other third parties and the issuer (i) prior to pricing of the notes to potential investors and (ii) on an on-going basis to investors in the and to potential investors in the notes upon request.

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: http://www.nationwide.co.uk/investorrelations):

- anonymised loan-level data (provided at least quarterly);
- transaction summary listing key features of the programme;
- a link to all material transaction documents; and
- a liability only cash flow model.

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 issuer, the Arranger, any Dealer, Funding 1, 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.

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 issuer, the Arranger, any Dealer, Funding 1, 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.

The information listed above is, from the date of this base prospectus and as long as any series and class (or sub-class) of notes remain outstanding (including during the period while the base prospectus is valid and the notes are admitted to the Official List, made available to investors, potential investors and certain other market professionals acting on their behalf via a secure website (which can be accessed via: http://www.nationwide.co.uk/investorrelations). For the avoidance of doubt, such information will be made available, in each case, prior to or shortly after the closing date of a series and class (or sub-class) of notes issued after the date of this base prospectus and, once made available, such information will be updated on a periodic basis.

GLOSSARY

$, US$, U.S. dollars and dollars	the lawful currency for the time being of the United States of America
€, euro and Euro	the single currency introduced at the start of the third stage of European Economic and Monetary Union pursuant to the Treaty on the Functioning of the European Union, as amended from time to time
£, pound and sterling	the lawful currency for the time being of the United Kingdom of Great Britain and Northern Ireland
€STR	the Euro Short-Term Rate
1999 Regulations	the Unfair Terms in Consumer Contracts Regulations 1999 (SI 1999/2083), as amended
A PDL (revenue shortfall) percentage	the percentage specified as such in the applicable final terms (or, in the case of exempt notes, the applicable pricing supplement) which may be subject to change
A principal deficiency sub-ledger	a sub-ledger on the principal deficiency ledger of Funding 1 which specifically records any principal deficiency in respect of any term A advances
AA PDL (revenue shortfall) percentage	the percentage specified as such in the applicable final terms (or, in the case of exempt notes, the applicable pricing supplement) which may be subject to change
AA principal deficiency sub-ledger	a sub-ledger on the principal deficiency ledger of Funding 1 which specifically records any principal deficiency in respect of any term AA advances
AAA principal deficiency sub-ledger	a sub-ledger on the principal deficiency ledger of Funding 1 which specifically records any principal deficiency in respect of any term AAA advances
account banks	the issuer account bank, any Funding 1 account bank and the mortgages trustee account bank, as applicable
accrual period	the meaning given to that term on page 391
accrued interest	in respect of a loan as at any date, the aggregate of all interest accrued but not yet due and payable on the loan from (and including) the payment date immediately preceding the relevant date to (but excluding) the relevant date
additional loan advance	a further drawing (including, but not limited to, further advances, re-draws and further draws) in respect of loans sold by the seller to the mortgages trustee
adjusted general reserve fund level	the sum of:

(a) the amount standing to the credit of the general reserve fund;

(b) the amount (if any) then to be credited in accordance with item (a) of the relevant Funding 1 pre-enforcement principal priority of payments; and

(c) the amount (if any) then to be credited or debited in accordance with the relevant Funding 1 pre-enforcement revenue priority of payments

agent account bank — the eligible bank with which Funding 1 opens the Funding 1 eligible bank GIC account pursuant to the Funding 1 bank account agreement

agent bank — Citibank N.A., London Branch in its capacity as agent bank and any successor thereto

alternative base rate — has the meaning given to that term in Condition 11.8(i)

annualised CPR — the result of the calculation 1–((1–M)^(12)) where M is expressed as a percentage and determined as at the most recent trust calculation date as indicated in the definition of "Funding 1 anticipated cash accumulation period" (see "**The Mortgages Trust—Cash management of trust property – principal receipts**")

applicable final terms — the meaning given to that term on page ix

applicable pricing supplement — the meaning given to that term on page ix

arranger — Nationwide

arrears of interest — as at any date in respect of any loan, interest (other than capitalised arrears or accrued interest) on that loan which is currently due and payable and unpaid on that date

asset trigger event — an asset trigger event will occur when an amount is debited to the AAA principal deficiency sub-ledger of Funding 1 or the equivalent sub-ledger of any further funding company

authorised investments

(a) money market funds that meet the European Securities and Markets Authority (**ESMA**) Short-Term Money Market Fund definition, set out in Guideline reference 10-049 of the Committee for European Securities Regulators, and indicated within the base prospectus that they are defined as such (provided, for the avoidance of doubt, that any such fund must hold an AAAm money market fund rating from S&P and an Aaa-mf money market fund rating from Moody's), or money market funds that hold AAAm and Aaa-mf money market fund ratings from S&P and Moody's, respectively, and, if rated by Fitch, an AAAmmf money market fund rating from Fitch, provided such money market funds are subject to daily redemption (provided that for S&P, such rating requirement shall not apply to the extent such rating agency does not maintain a rating of any notes which are outstanding);

(b) Sterling gilt-edged securities; and

(c) Sterling demand or time deposits, certificates of deposit and short-term debt obligations (including commercial paper);

provided that with respect to money market funds, securities and deposit investments specified under items (a), (b) and (c) above, such investments mature on or before the next following interest payment date for the notes (in relation to any issuer bank account), Funding 1 payment date (in relation to any Funding 1 bank account) or distribution date (in relation to any mortgages trustee bank account); and

provided that with respect to securities and deposit investments specified under items (b) and (c) above:

(i) with respect to investments with a maturity date of less than 30 days, the issuing or guaranteeing entity or the entity with which the demand or time deposits are made (being an authorised person under the FSMA) has (A) short-term, unsecured, unguaranteed and unsubordinated debt obligations of at least A-1 by S&P, (B) "Issuer Default Ratings" of at least F1 short-term or A long-term by Fitch, and (C) short-term unsecured, unguaranteed and unsubordinated debt obligations of at least P-1 by Moody's or long-term unsecured, unguaranteed and unsubordinated debt obligations of at least (in relation to any issuer bank account or mortgages trustee bank Account) A2 or (in relation to any Funding 1 bank account) A1 by Moody's (provided that for S&P, such rating requirement shall not apply to the extent such rating agency does not maintain a rating of any notes which are outstanding); and

(ii) with respect to investments with a maturity date of greater than or equal to 30 days but less than 60 days, the issuing or guaranteeing entity or the entity with which the demand or (in relation to issuer bank accounts and mortgages trustee bank accounts only) time deposits are made (being an authorised person under the FSMA) has (A) short-term, unsecured, unguaranteed and unsubordinated debt obligations of at least A-1 by S&P, (B) "Issuer Default Ratings" of at least F1+ short-term or AA- long-term by Fitch, and (C) short-term unsecured, unguaranteed and unsubordinated debt obligations of at least P-1 by Moody's or long-term unsecured, unguaranteed and unsubordinated debt obligations of at least (in relation to any issuer bank account or mortgages trustee bank account) A2 or (in relation to any Funding 1 bank account) A1 by Moody's (provided that for S&P, such rating requirement shall not apply to the extent such rating agency does not maintain a rating of any notes which are outstanding); and

(iii) with respect to investments with a maturity date of greater than or equal to 60 days but less than three months, the issuing or guaranteeing entity or the entity with which the demand or (in relation to issuer bank accounts and mortgages trustee bank accounts only) time deposits are made (being an authorised person under the FSMA) has (A) short-term or long-term unsecured, unguaranteed and unsubordinated debt obligations of at least A-1+ or AA- (respectively) by S&P, (B) "Issuer Default Ratings" of at least F1+ short-term or AA- long-term by Fitch, and (C) short-term unsecured, unguaranteed and unsubordinated debt obligations of at least P-1 by Moody's or long-term unsecured, unguaranteed and unsubordinated debt obligations of at

	least (in relation to any issuer bank account or mortgages trustee bank account) A2 or (in relation to any Funding 1 bank account) A1 by Moody's (provided that for S&P, such confirmation shall not be required to the extent such rating agency does not maintain a rating of any notes which are outstanding); or (iv) in each case, which are otherwise acceptable to the rating agencies to maintain the then current ratings of the rated notes
authorised underpayment	a payment made by a borrower in an amount less than the monthly payment then due on the loan such deficit amount being an amount not exceeding the aggregate of any previous overpayments
automated valuation model (or AVM)	a property valuation using a statistical model which computes property data to generate an estimate of the market value for an individual property
BACS	Bankers Automated Clearing Service as amended from time to time or any scheme replacing the same
bank account agreements	the issuer bank account agreement, the Funding 1 bank account agreement and the mortgages trustee bank account agreement
Bank of England base rate	the Bank of England's official dealing rate (the repo rate) as set by the UK Monetary Policy Committee and, in the event that this rate ceases to exist or becomes inappropriate as an index for the SVMR, such alternative rate or index which is not controlled by the seller, that the seller considers to be the most appropriate in the circumstances
base rate modification	has the meaning given to that term in Condition 11.8(i)
basic terms modification	the modification of terms, including altering the amount, rate or timing of payments on the notes, the currency of payment, the priority of payments or the quorum or majority required in relation to these terms, provided that a base rate modification shall not constitute a basic terms modification
BB PDL (revenue shortfall) percentage	the percentage specified as such in the applicable final terms (or, in the case of exempt notes, the applicable pricing supplement), which may be subject to change
BB principal deficiency sub-ledger	a sub-ledger on the principal deficiency ledger of Funding 1 which specifically records any principal deficiency in respect of any term BB advances
BBB PDL (revenue shortfall) percentage	the percentage specified as such in the applicable final terms (or, in the case of exempt notes, the applicable pricing supplement), which may be subject to change
BBB principal deficiency sub-ledger	a sub-ledger on the principal deficiency ledger of Funding 1 which specifically records any principal deficiency in respect of any term BBB advances

BBR	the Bank Rate published by the Bank of England
beneficiaries	Funding 1, any further funding company and the seller as beneficiaries of the mortgages trust, and beneficiary means any one of them
BMR	the base mortgage rate of the seller which is capped at 2% above Bank of England base rate
BMR loans	those loans to the extent that and for such time that the interest rate payable on such loan varies in accordance with the seller's "Base Mortgage Rate" (and shall, for the avoidance of doubt, exclude loans during the period that are fixed rate loans, SMR loans or tracker rate loans
book-entry interest	a record of the beneficial interests in the global notes maintained by each of DTC, Euroclear and Clearstream, Luxembourg as the case may be
booking fee	a fee payable by the borrower in respect of applications for certain types of loans
borrower	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
broken amount	the meaning given to that term on page 451
Building Societies Act	Building Societies Act 1986, as amended
buildings insurance policy	the buildings insurance cover provided to Nationwide, as amended, replaced and/or supplemented from time to time
bullet accumulation liability	on any Funding 1 payment date prior to any payment under item (h) of the priority of payments described in "**Cashflows—Distribution of Funding 1 available principal receipts—Repayment of term advances before a trigger event and before intercompany loan acceleration or acceleration of all notes**" the aggregate of each relevant accumulation amount at that time of each bullet term advance which is within a cash accumulation period
bullet accumulation shortfall	at any time the amount by which the cash accumulation ledger amount is less than the bullet accumulation liability
bullet redemption date	the single date upon which a bullet redemption note is redeemable, as specified in the applicable final terms (or, in the case of exempt notes, the applicable pricing supplement)
bullet redemption note	a note that is redeemable in full on the bullet redemption date specified in the applicable final terms (or, in the case of exempt notes, the applicable pricing supplement)
bullet term advance	the meaning given to that term on pages 194 and 215

business day	in respect of a series or class (or sub-class) of notes, a day that is a London business day and any other 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 any additional business centre specified in the final terms (or, in the case of exempt notes, the applicable pricing supplement) for any series or class (or sub-class) of notes
buy-to-let loan	any loan provided to a borrower whose primary purpose of obtaining such loan is to purchase a property the borrower intends to let out to tenants
calendar year	a year from the beginning of 1 January to the end of 31 December
capital regulations	any requirements of United Kingdom law or contained in the regulations, requirements, guidelines and policies of the FCA, or of the European Parliament and the European Council, then in effect in the United Kingdom relating to capital adequacy and applicable to Nationwide
capitalised	in respect of a fee or other amount, added to the outstanding principal balance of a loan
capitalised arrears	for any loan at any date, interest or other amounts which are overdue in respect of that loan and which as at that date have been added to the outstanding principal balance and the true balance of the loan in accordance with the mortgage conditions or otherwise by arrangement with the relevant borrower
capped term advances	the meaning given to that term on page 321
cash accumulation advance	a bullet term advance and/or scheduled amortisation instalment which is within a cash accumulation period
cash accumulation ledger	a ledger maintained by the cash manager to record the amount accumulated by Funding 1 from time to time to pay the relevant accumulation amounts
cash accumulation ledger amount	at any time the amount standing to the credit of the cash accumulation ledger at that time (immediately prior to any drawing to be applied on that Funding 1 payment date and prior to any payment under item (i) of the priority of payments described in "**Cashflows—Distribution of Funding 1 available principal receipts—Repayment of all term advances before a trigger event and before intercompany loan acceleration or acceleration of all notes**")
cash accumulation liability	on any Funding 1 payment date prior to any payment under item (i) of the Funding 1 pre-trigger event pre-enforcement principal priority of payments, the sum of: • the bullet accumulation liability at that time; and

	• the aggregate of each relevant accumulation amount at that time for each scheduled amortisation instalment made to Funding 1 which is within a cash accumulation period
cash accumulation period	the meaning given to that term on page 216
cash accumulation requirement	the meaning given to that term on page 216
cash accumulation shortfall	the cash accumulation ledger amount, being less than the cash accumulation liability
cash management agreement	the cash management agreement entered into on the programme closing date as amended from time to time, between the cash manager, the mortgages trustee, Funding 1 and the Funding 1 security trustee, as described further in "**Cash management agreements—Cash management agreement**"
cash manager	Nationwide acting, pursuant to the cash management agreement, as agent for the mortgages trustee, Funding 1 and the Funding 1 security trustee, among others, to manage all cash transactions and maintain certain ledgers on behalf of the mortgages trustee, Funding 1 and the Funding 1 security trustee and any successor thereto
cash re-draws	cash re-draws to which a borrower is entitled under a flexible loan as a result of overpayments that the borrower has made on that flexible loan or otherwise
CCA	the Consumer Credit Act 1974, as amended
certificate of title	a solicitor's, licensed conveyancer's or (in Scotland) qualified conveyancer's report or certificate of title obtained by or on behalf of the seller in respect of each property substantially in the form of the pro-forma set out in the standard documentation
CFC	controlled foreign corporation
class	each single class (or sub-class) of the class A notes, the class B notes, the class M notes, the class C notes, the class D notes and the class Z notes
class A available subordinated amount	the meaning given to that term on page 166
class A note acceleration notice	the meaning given to that term in Condition 9.1
class A noteholders	the holders of the class A notes
class A notes	the notes of a series designated as such in the applicable final terms (or, in the case of exempt notes, the applicable pricing supplement)

class A required subordinated amount	the meaning given to that term on page 166
class A required subordination percentage	on any date, (i) the percentage specified as such in the most recent final terms or pricing supplement or (ii) such other higher percentage as may be determined by the seller and notified to the issuer, the note trustee, the cash manager and the rating agencies from time to time
class B available subordinated amount	the meaning given to that term on page 167
class B note acceleration notice	the meaning given to that term in Condition 9.2
class B noteholders	the holders of the class B notes
class B notes	the notes of a series designated as such in the applicable final terms (or, in the case of exempt notes, the applicable pricing supplement)
class B required subordinated amount	the meaning given to that term on page 167
class B required subordination percentage	on any date, (i) the percentage specified as such in the most recent final terms or pricing supplement or (ii) such other higher percentage as may be determined by the seller and notified to the issuer, the note trustee, the cash manager and the rating agencies from time to time
class C available subordinated amount	the meaning given to that term on page 168
class C note acceleration notice	the meaning given to that term in Condition 9.4
class C noteholders	the holders of the class C notes
class C notes	the notes of a series designated as such in the applicable final terms (or, in the case of exempt notes, the applicable pricing supplement)
class C required subordinated amount	the meaning given to that term on page 168
class C required subordination percentage	on any date, (i) the percentage specified as such in the most recent final terms or pricing supplement or (ii) such other higher percentage as may be determined by the seller and notified to the issuer, the note trustee, the cash manager and the rating agencies from time to time
class D available subordinated amount	the meaning given to that term on page 169

class D note acceleration notice	the meaning given to that term in Condition 9.5
class D noteholders	the holders of the class D notes
class D notes	the notes of a series designated as such in the applicable final terms (or, in the case of exempt notes, the applicable pricing supplement)
class D required subordinated amount	the meaning given to that term on page 169
class D required subordination percentage	on any date, (i) the percentage specified as such in the most recent final terms or pricing supplement or (ii) such other higher percentage as may be determined by the seller and notified to the issuer, the note trustee, the cash manager and the rating agencies from time to time
class M available subordinated amount	the meaning given to that term on page 168
class M note acceleration notice	the meaning given to that term in Condition 9.3
class M noteholders	the holders of the class M notes
class M notes	the notes of a series designated as such in the applicable final terms (or, in the case of exempt notes, the applicable pricing supplement)
class M required subordinated amount	the meaning given to that term on page 167
class M required subordination percentage	on any date, (i) the percentage specified as such in the most recent final terms or pricing supplement or (ii) such other higher percentage as may be determined by the seller and notified to the issuer, the note trustee, the cash manager and the rating agencies from time to time
class Z GIC collateral notes	the notes issued by the issuer and which are designated as such in the applicable final terms (or, in the case of exempt notes, the applicable pricing supplement)
class Z note acceleration notice	the meaning given to that term in Condition 9.6
class Z noteholders	the holders of the class Z notes
class Z notes	the notes of a series designated as such in the applicable final terms (or, in the case of exempt notes, the applicable pricing supplement), including the class Z GIC collateral notes and the class Z variable funding notes
class Z variable funding noteholder	Nationwide or the holders for the time being of the class Z variable funding notes

class Z variable funding notes	the notes issued by the issuer and which are designated as such in the applicable final terms
clearing agency	an agency registered under the provisions of section 17A of the Exchange Act
clearing corporation	a corporation within the meaning of the New York Uniform Commercial Code
clearing systems	together, Euroclear, Clearstream, Luxembourg or DTC
Clearstream, Luxembourg	Clearstream Banking, S.A. and any successor entity thereto
closing date	the date on which any series of notes are issued pursuant to this base prospectus, other than the initial closing date
CML	Council of Mortgage Lenders (now known as UK Finance) and any successor organisation thereto
Code	United States Internal Revenue Code of 1986, as amended
collateral agreement	the Funding 1 collateral agreement or the mortgages trustee collateral agreement, as applicable
collection account	the account, in the name of the servicer, into which payments by borrowers and any recoveries made in respect of the loans in the portfolio will be paid initially and from which such amounts will be swept into the mortgages trustee GIC account on a regular basis but in any event in the case of direct debits no later than the next London business day after they are deposited in the collection account
common depositary	Citibank, N.A., London Branch in its capacity as common depositary and any successor thereto
compounded daily SONIA	the meaning given to that term in Condition 4.2(c)(ii)
conditional purchase agreement	the meaning given to that term on page 158
conditional purchaser	the meaning given to that term on page 158
conditional purchaser confirmation	the meaning given to that term on page 279
consumer credit back book mortgage contract	as defined in the Mortgage Credit Directive Order 2015
Consumer Credit Directive	Directive 2008/48/EC of the European Parliament and the Council adopted in April 2008
controlling beneficiary deed	the beneficiary deed entered into on the programme closing date, as amended from time to time, between Funding 1, the seller and the mortgages trustee

corporate services agreements	each of the corporate services agreements in respect of the mortgages trustee, Funding 1, Holdings, the post-enforcement call option holder and the issuer, and/or any corporate services agreement entered into between other programme issuers and/or further funding companies, as applicable, and the relevant corporate services provider
corporate services providers	the UK corporate services providers and the mortgages trustee corporate services provider and any other corporate services provider pursuant to any corporate services agreement
CPR	on any trust calculation date, the annualised principal repayment rate of all the loans comprised in the trust property during the previous trust calculation period calculated as follows: 1 – ((1 – R) ^ 12) where "R" equals the result (expressed as a percentage) of the total principal receipts received during the previous trust calculation period divided by the aggregate outstanding principal balance of the loans comprised in the trust property as at the first day of that period
crystallise	when a floating charge becomes a fixed charge
cut-off date	the date specified in the applicable final terms (or, in the case of exempt notes, the applicable pricing supplement) as the cut-off date in relation to the statistical and other information included therein concerning the loans in the portfolio as at that date
data protection laws	(a) prior to 25 May, (i) Directive 95/46/EC and any applicable national law or regulation that implemented that Directive, (ii) the UK Data Protection Act 1998 and (iii) any applicable law in any relevant jurisdiction that applied to the processing of data relating to living persons; and (b) from and including 25 May 2018, (i) Regulation (EU) 2016/679 and (ii) any other applicable law in any relevant jurisdiction that applies to the processing of data relating to living persons, in each case as amended or replaced from time to time
day count fraction	the meaning given to that term on pages 391 and 414
dealers	the entities (if any) appointed as dealers from time to time in accordance with the programme agreement
deed of postponement	a deed or agreement whereby a mortgagee of or the heritable creditor in relation to a property agrees with the seller to postpone its mortgage or standard security (as appropriate) over the property so that the sums secured by it will rank for repayment after the sums secured by the relevant mortgage

deferred distribution	a distribution from mortgages trust available revenue receipts representing that portion of the purchase price paid by the mortgages trustee to the seller in respect of the sale of loans to the mortgages trustee which was not paid to the seller on the relevant closing date
deferred tax	the meaning given to that term on page 521
deferred transfer date	the meaning given to that term in Condition 5.8(g)
definitive notes	notes in definitive registered form
Depositor Preference Order	the meaning given to that term on page 70
designated account	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	(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
determination date	in respect of a series and class (or sub-class) of notes, the date(s) specified as such in the applicable final terms (or, in the case of exempt notes, the applicable pricing supplement)
determination period	the meaning given to that term on page 392 and in Condition 4.1
diligence	the process (under Scots law) by which a creditor attaches the property of a debtor to implement or secure a court decree or judgment
disclosure regulations	U.S. Treasury regulations requiring the reporting of certain tax shelter transactions (reportable transactions)
distribution date	the 19th day of each month or, if not a London business day, the next succeeding London business day, being the date that the mortgages trustee will distribute principal and revenue receipts to Funding 1, any further funding company and the seller
DTC	The Depository Trust Company and any successor thereto
DTC notice to purchase	a notice given by the issuer to a holder of any maturity purchase note(s) held in DTC in accordance with Condition 5.8(c)
DTC tender agent	any party designated or appointed by the issuer to coordinate delivery of a DTC notice to purchase and related DTC matters in relation to the purchase of any maturity purchase notes by the maturity purchaser in accordance with Condition 5.8(c)

early repayment charge	any fee which a borrower is required to pay in the event that all or any part of the relevant loan becomes repayable or is repaid before a specified date
EC/CS notice to purchase	a notice given by the issuer to a holder of any maturity purchase note(s) held in Euroclear or Clearstream, Luxembourg in accordance with Condition 5.8(c)
eligible bank	a bank that is (i) an authorised financial institution under FSMA with a Part IV permission to accept deposits whose (1) senior unsecured debt ratings and deposit ratings are at least P1 short-term and A2 long-term, as applicable, by Moody's, (2) issuer credit ratings are at least A long-term by S&P and (3) "Issuer Default Ratings" are at least F1 short-term or "Deposit Ratings" or (when a Deposit Rating is not assigned or not applicable) the "Issuer Default Ratings" are at least A long-term by Fitch and, in each case, not subject to any reduction, qualification or withdrawal of such ratings (provided that for S&P, such rating requirement shall not apply to the extent such rating agency does not maintain a rating of any notes which are outstanding), (ii) an entity whose appointment will not trigger any of the termination events applicable to the agent account bank under clause 10.1 of the Funding 1 bank account agreement, (iii) an entity which has entered into an eligible bank account agreement with the agent account bank, (iv) an institution incorporated in the United Kingdom or that is the United Kingdom branch of a foreign bank, and (v) that makes all deposits under the panel bank guidelines in pounds sterling (GBP)
eligible bank account agreement	a bank account agreement entered into pursuant to clause 9.3 of the Funding 1 bank account agreement
eligible bank ledger	a ledger established and maintained by the cash manager in the books of Funding 1 for the purpose of recording amounts deposited with eligible banks from time to time
eligible collateral	has the meaning given to that term in the relevant collateral agreement

eligible custody arrangement	a custody arrangement satisfactory to the cash manager which (i) is entered into by, amongst others, the mortgages trustee and, as applicable, Funding 1 and the Funding 1 security trustee, with an eligible GIC custodian, (ii) requires such eligible GIC custodian to liquidate the related collateral no earlier than 5 business days (unless no loss would result from such sale), and no later than 30 calendar days, following the occurrence of an insolvency event with respect to Nationwide through a best-efforts sale process, (iii) provides that the eligible collateral will be ring-fenced from the other collateral held by the custodian, (iv) provides that Funding 1 and the mortgages trustee, as applicable, have free access to the eligible collateral held in the related GIC collateral custody account to the extent amounts standing to the credit of the Funding 1 collateralised GIC account or the mortgages trustee GIC account, as applicable, are unavailable, (v) requires the receipt of a satisfactory legal opinion from a law firm of international repute that the custody agreement is a legal valid binding obligation of the custodian and as to such other matters as the issuer and the security trustee may reasonably require, and (vi) following prior notice of such arrangement, no rating agency has indicated such arrangement would result in the downgrade, withdrawal or qualification of the then current ratings of the rated notes
eligible GIC custodian	a third party custodian that is not the cash manager or Nationwide
English loan	a loan which is secured by an English mortgage
English mortgage	a mortgage secured over a property in England or Wales
equity release loan	means a residential mortgage loan where borrowers have monetised their properties for either a lump sum of cash or regular periodic income (e.g. as a retirement plan)
ERISA	the U.S. Employee Retirement Income Security Act of 1974, as amended
ERISA-eligible notes	the meaning given to that term on page 525
ERISA plans	the meaning given to that term on page 525
EU CRA Regulation	Regulation (EC) No 1060/2009 (as amended)
EU EMIR	Regulation (EU) No 648/2012 of the European Parliament and of the Council on OTC derivatives, central counterparties and trade repositories dated 4 July 2012
EU Securitisation Regulation	Regulation (EU) 2017/2402 (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	(i) applicable regulatory and/or implementing technical standards made under the EU Securitisation Regulation; and/or (ii) any relevant guidance and policy statements relating to the application of the EU Securitisation Regulation 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	the euro-zone interbank offered rate as determined by the agent bank in accordance with the terms and conditions of the relevant notes and the paying agent and agent bank agreement
Euroclear	Euroclear Bank S.A./N.V.
EUWA	the European Union (Withdrawal) Act 2018 as amended, varied, superseded or substituted from time to time
excess swap collateral	an amount equal to the value of the collateral (or the applicable part of any collateral) provided by an issuer swap provider to the issuer in respect of that issuer swap provider's obligations to transfer collateral to the issuer under an issuer swap agreement which is in excess of that issuer swap provider's liability under such issuer swap agreement as at the date of termination of such issuer swap agreement or which it is otherwise entitled to have returned to it under the terms of such issuer swap agreement
Exchange Act	the United States Securities Exchange Act of 1934, as amended
exchange rate agent	Citibank, N.A., London Branch in its capacity as exchange rate agent at its specified office or such other person for the time being acting as exchange rate agent under the paying agent and agent bank agreement
exempt notes	notes issued by the issuer under the programme for which no prospectus is required to be published under the UK Prospectus Regulation (such as notes not admitted to trading on any market)
expected maturity date	in respect of any series and class of maturity purchase notes, the bullet redemption date specified in the applicable final terms (or, in the case of exempt notes, the applicable pricing supplement)
facility fee	the meaning given to that term on page 192
FATCA	Sections 1471 through 1474 of the United States Internal Revenue Code of 1986, as amended, any regulations or agreements thereunder, any official interpretations thereof, or any law implementing an intergovernmental approach thereto
FCA	the Financial Conduct Authority of the United Kingdom (known as the Financial Services Authority until 1 April 2013)
FCA rules	the rules made by the FCA under the FSMA

final maturity date	in respect of any series and class of notes, the final legal maturity date specified in the applicable final terms (or, in the case of exempt notes, the applicable pricing supplement)
final repayment date	in relation to a term advance, the date specified as such in the related intercompany loan confirmation for such term advance
final terms	the meaning given to that term on page ii
Fitch	Fitch Ratings Limited and any successor to its ratings business
Fitch conditions	the meaning given to that term on page 174
fixed interest period	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
fixed rate loans	means those loans to the extent that and for such time that the interest rate payable by the borrower on all or part of the outstanding principal balance does not vary and is fixed for a certain period of time by the seller
fixed rate note	a note, the interest basis of which is specified in the applicable final terms (or, in the case of exempt notes, the applicable pricing supplement) as being fixed rate
fixed rate re-fixes	an adjustment to the fixed rate of interest a borrower pays on a loan after the lapse of a certain amount of time
fixed security	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 advance	a loan for unrestricted purposes (which may be CCA regulated) offered to borrowers with existing loans (other than a flexible advance) from the seller which is secured on the same property which secures the borrower's existing loan. Some flexible advances permit the borrower to make further draws up to the fixed credit limit extended under the mortgage conditions at the inception of the flexible advance
flexible loan	a type of loan product that typically incorporates features that give the borrower options (which may be subject to certain conditions) 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/or take a payment holiday
floating charge	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 fixed security
floating interest period	in relation to any fixed rate notes, the meaning given to that term on page 392

floating rate note	a note, the interest basis of which is specified in the applicable final terms (or, in the case of exempt notes, the applicable pricing supplement) as being floating rate
FSA	the Financial Services Authority
FSCS limit	the current applicable limit established by the Financial Services Compensation Scheme
FSMA	the Financial Services and Markets Act 2000, as amended
Funding 1	Silverstone Funding (No. 1) Limited
Funding 1 account bank	Nationwide in its capacity as Funding 1 account bank pursuant to the terms of the Funding 1 bank account agreement and any other person from time to time acting as account bank under a Funding 1 bank account agreement
Funding 1 account bank required ratings	the meaning given to that term on page 198
Funding 1 anticipated cash accumulation period	the anticipated number of months required to accumulate sufficient principal receipts to pay the relevant accumulation amount, as described further in "**The Mortgages Trust—Cash management of trust property – principal receipts**"
Funding 1 available principal receipts	the meaning given to that term on page 308
Funding 1 available revenue receipts	the meaning given to that term on page 292
Funding 1 bank account agreement	the agreement entered into on the programme closing date between the Funding 1 account bank, Funding 1, the cash manager and the Funding 1 security trustee as amended, restated, supplemented, replaced or novated from time to time and any other bank account agreements entered into by Funding 1 in respect of the Funding 1 bank accounts
Funding 1 bank accounts	the Funding 1 GIC account, the Funding 1 transaction account, the Funding 1 collateralised GIC account, the Funding 1 eligible bank GIC account, the Funding 1 swap collateral cash account, the Funding 1 GIC collateral custody account and any additional Funding 1 bank account and any additional or replacement bank accounts opened in the name of Funding 1 from time to time
Funding 1 calculation date	means the date falling four London business days prior to each Funding 1 payment date
Funding 1 cash accumulation period	the meaning given to that term on page 217

Funding 1 collateral agreement	the collateral agreement to be entered into by Funding 1 and Nationwide, as the Funding 1 account bank that maintains the Funding 1 collateralised GIC account, pursuant to clause 4.10 of the cash management agreement substantially in the form attached as schedule 4 to the cash management agreement
Funding 1 collateralised GIC account	an account in the name of Funding 1 held at Nationwide in its capacity as Funding 1 account bank and maintained subject to the terms of the Funding 1 bank account agreement and the Funding 1 deed of charge and/or such additional or replacement account as may for the time being be in place with the prior consent of the Funding 1 security trustee
Funding 1 collection period	the period from, and including, a Funding 1 collection period start date to, but excluding, the next Funding 1 collection period start date, except that the final Funding 1 collection period shall end on, but exclude, the date on which the amount outstanding under the intercompany loans is reduced to zero. Each reference to a Funding 1 collection period relating to a Funding 1 interest period shall be construed so as to refer to each Funding 1 collection period ending on or after the first London business day of the month in which that Funding 1 interest period commences and before the first London business day of the month in which that Funding 1 interest period ends
Funding 1 collection period start date	The first London business day of each month and any other day on which Funding 1 acquires a further interest in the trust property
Funding 1 corporate services agreement	an agreement entered into on the programme closing date, as amended from time to time, between Funding 1, the Funding 1 corporate services provider and the Funding 1 security trustee, which governs the provision of corporate services by the Funding 1 corporate services provider to Funding 1
Funding 1 corporate services provider	Wilmington Trust SP Services (London) Limited, a private limited company incorporated in England and Wales, with registered number 02548079 and any successor thereto
Funding 1 custody collateral	at any time, the amount of collateral posted pursuant to the Funding 1 collateral agreement which may be applied at that time in satisfaction of Nationwide's obligation to Funding 1 under the terms of the Funding 1 collateral agreement
Funding 1 deed of charge	the deed of charge entered into on the programme closing date between (among others) Funding 1, the Funding 1 security trustee and the Funding 1 secured creditors, as described further in "**Security for Funding 1's obligations**", as amended from time to time, including any deeds of accession or supplements thereto in connection with the issuance of a series

Funding 1 deposit non-reserved amounts	as at any date of determination, Funding 1 available revenue receipts, Funding 1 available principal receipts and any other amounts whatsoever received by or on behalf of Funding 1 after the initial closing date (and not otherwise paid to any party) other than the sum of (i) amounts allocated to the general reserve fund and the Funding 1 liquidity reserve fund, (ii) any amounts required to pay items (a) to (f) (inclusive), (h), (j), (l) and (n) of the Funding 1 pre-enforcement revenue priority of payments on the next interest payment date, and (iii) any principal amounts due and payable on any class of notes with a final maturity date within two years of the relevant date of determination (including, for the avoidance of doubt, any relevant accumulation amounts with respect to any money market notes)
Funding 1 designated collateral amount	as at any date of determination, the aggregate amount of deposits in the Funding 1 collateralised GIC account designated by the cash manager as being collateralised by posting under the Funding 1 collateral agreement pursuant to clause 4.10 of the cash management agreement
Funding 1 designated term NR GIC collateral advance amount	as at any date of determination, the aggregate amount of deposits in the Funding 1 collateralised GIC account designated by the cash manager as being collateralised by term NR GIC collateral advances pursuant to clause 4.10 of the cash management agreement
Funding 1 eligible bank GIC account	a sterling account opened pursuant to Clause 4.4 of the Funding 1 bank account agreement in the name of Funding 1 and to be held with the agent account bank in accordance with the Funding 1 bank account agreement or such other bank account agreement entered into by Funding 1 with the agent account bank pursuant to clause 4.4 of the Funding 1 bank account agreement
Funding 1 GIC account	an account in the name of Funding 1 held at Nationwide in its capacity as Funding 1 account bank and maintained subject to the terms of the Funding 1 bank account agreement and the Funding 1 deed of charge and/or such additional or replacement account as may for the time being be in place with the prior consent of the Funding 1 security trustee
Funding 1 GIC collateral custody account	a custody account opened by Funding 1 with a third party pursuant to an eligible custody arrangement for the purposes of holding collateral posted by Nationwide pursuant to the Funding 1 collateral agreement
Funding 1 interest period	the period from (and including) the initial closing date to (but excluding) the first Funding 1 payment date and thereafter each period from (and including) a Funding 1 payment date to (but excluding) the next Funding 1 payment date, except that the final Funding 1 interest period shall end on (but exclude) the date on which the amount outstanding under all the intercompany loans is reduced to zero
Funding 1 interest period swap provider amount	the meaning given to that term on page 270

Funding 1 liquidity reserve fund	a liquidity reserve fund established on the occurrence of certain ratings downgrades of the seller to meet interest and principal shortfalls (in limited circumstances) on the notes
Funding 1 liquidity reserve fund rating event	the seller's long-term, unsecured, unsubordinated and unguaranteed debt obligations are rated below A3 by Moody's (unless advance notice in writing of such rating has been provided to Moody's and there being no reduction, qualification or withdrawal by Moody's of the then current ratings of the rated notes as a consequence thereof)
Funding 1 liquidity reserve fund required amount	the meaning given to that term on page 290
Funding 1 liquidity reserve ledger	a ledger maintained by the cash manager to record the withdrawals and deposits in respect of the Funding 1 liquidity reserve fund
Funding 1 payment date	the date which is the 21st day of each month or, if not a London business day, the next London business day
Funding 1 post-enforcement priority of payments	the order in which, following service of an intercompany loan acceleration notice, the Funding 1 security trustee will apply the amounts received following enforcement of the Funding 1 security, as set out in "**Security for Funding 1's obligations**" and "**Cashflows—Distribution of Funding 1 principal receipts and Funding 1 revenue receipts following intercompany loan acceleration**"
Funding 1 pre-enforcement principal priority of payments	the order in which, prior to service of an intercompany loan acceleration notice, the cash manager will apply the Funding 1 available principal receipts as set out in "**Security for Funding 1's obligations**" and "**Cashflows—Distribution of Funding 1 available principal receipts**"
Funding 1 pre-enforcement revenue priority of payments	the order in which, prior to service of an intercompany loan acceleration notice, the cash manager will apply the Funding 1 available revenue receipts as set out in "**Security for Funding 1's obligations**" **and "Cashflows—Distribution of Funding 1 available revenue receipts before intercompany loan acceleration**"
Funding 1 principal funds	the meaning given to that term on page 321
Funding 1 principal ledger	a ledger maintained by the cash manager to record the amount of principal receipts received by Funding 1 from the mortgages trustee on each distribution date
Funding 1 principal receipts	the principal receipts paid by the mortgages trustee to Funding 1 on each distribution date
Funding 1 priority of payments	as the context requires, any of the Funding 1 pre-enforcement revenue priority of payments, the Funding 1 pre-enforcement principal priority of payments or the Funding 1 post-enforcement priority of payments

Funding 1 profit amount — a sum in an amount equal to 0.01% of the Funding 1 available revenue receipts as at each Funding 1 payment date or such lesser amount as may be determined from time to time by the directors of Funding 1 acting in good faith (pursuant to their obligation to review such amount) and certified by them to the Funding 1 security trustee, with a copy of such certificates to be delivered to the rating agencies

Funding 1 proportion — on a distribution date, sale date, further contribution date or Funding 1 payment date, an amount equal to:

$$\frac{A}{C}$$

where:

A = The Funding 1 share as determined for the immediately preceding trust calculation period; and

C = The aggregate of the shares of each funding company as determined for the immediately preceding trust calculation period

Funding 1 reserve principal payment — the meaning given to that term on page 284

Funding 1 reserve required amount — the amount specified as such in the most recent final terms (or, in the case of exempt notes, the applicable pricing supplement)

Funding 1 revenue deficit amount — the meaning given to that term on page 293

Funding 1 revenue ledger — a ledger maintained by the cash manager to record all amounts received by Funding 1 from the mortgages trustee on each distribution date other than principal receipts, together with interest received by Funding 1 on its authorised investments or pursuant to the Funding 1 bank account agreement

Funding 1 secured creditors — the Funding 1 security trustee, the Funding 1 swap provider, the cash manager, the Funding 1 account bank, the mortgages trustee account bank, the seller, the Funding 1 corporate services provider, the Holdings corporate services provider, each start-up loan provider, the issuer and any other entity that accedes to the terms of the Funding 1 deed of charge from time to time

Funding 1 security — the security created under the Funding 1 deed of charge

Funding 1 security trustee — Citicorp Trustee Company Limited in its capacity as Funding 1 security trustee, and any successor thereto

Funding 1 share — the Funding 1 share of the trust property from time to time, as calculated on each trust calculation date

Funding 1 share percentage — the Funding 1 share percentage of the trust property from time to time as calculated on each trust calculation date

Funding 1 swap agreement	the ISDA master agreement and schedule thereto entered into on or about the programme closing date between Funding 1, the Funding 1 swap provider and the Funding 1 security trustee and any confirmation documented thereunder from time to time between Funding 1, the Funding 1 swap provider and the Funding 1 security trustee (as amended from time to time)
Funding 1 swap excluded termination amount	in relation to the Funding 1 swap agreement an amount equal to: (a) the amount of any termination payment due and payable to the Funding 1 swap provider as a result of a Funding 1 swap provider default or following a Funding 1 swap provider downgrade termination event; Less (b) the amount, if any, received by Funding 1 from a replacement swap provider upon entry by Funding 1 into an agreement with such replacement swap provider to replace the Funding 1 swap agreement which has terminated as a result of such Funding 1 swap provider default or following the occurrence of such Funding 1 swap provider downgrade termination event
Funding 1 swap provider	Nationwide, pursuant to the Funding 1 swap agreement and any successor thereto
Funding 1 swap provider default	an event of default (as defined in the Funding 1 swap agreement) where the Funding 1 swap provider is the defaulting party (as defined in the Funding 1 swap agreement)
Funding 1 swap provider downgrade termination event	a termination event following the failure by the Funding 1 swap provider to comply with the requirements of the ratings downgrade provisions set out in the Funding 1 swap agreement
Funding 1 swaps	each of the swap transactions documented under the Funding 1 swap agreement which enables Funding 1 to hedge against the possible variance between the variable rate payable on the standard variable mortgage rate loans or the fixed rates of interest payable on the fixed rate loans and a compounded daily SONIA rate in respect of a proportion of the notional amount of the swap equivalent to the proportion of Term Advances under Intercompany Loans under which Funding 1 pays a Compounded Daily SONIA rate, as described further in "**The swap agreements—The Funding 1 swaps**"
Funding 1 transaction account	the sterling day-to-day bank account of Funding 1, held with the Funding 1 account bank pursuant to the terms of the Funding 1 bank account agreement to which amounts standing to the credit of the Funding 1 GIC account are transferred on each Funding 1 payment date and out of which monies are paid on each relevant Funding 1 payment date pursuant to the relevant Funding 1 priority of payments

funding companies	Funding 1 and any further funding company that may be established from time to time
funding company calculation date	a Funding 1 calculation date or, as applicable, the calculation date applicable to a further funding company
funding company payment date	a Funding 1 payment date or, as applicable, a further funding company payment date
funding company revenue deficit amount	means the revenue deficit amount as set out in the definition of Funding 1 revenue deficit amount, calculated for each further funding company
funding security trustee	Funding 1 security trustee and the security trustees with respect to the further funding companies
further advance	in relation to a loan, any advance of further money to the relevant borrower following the making of the initial advance, which is secured by the same mortgage as the initial advance, excluding the amount of any retention in respect of the initial advance and excluding any re-draw in respect of any flexible loan or further draw in respect of any flexible advance
further contribution	the consideration in the form of cash payable by any beneficiary to the mortgages trustee to increase the Funding 1 share, or, as the case may be, the seller share of the trust property, pursuant to the terms of the mortgages trust deed, but excluding any initial contribution, refinancing contribution or deferred contribution paid by Funding 1
further draw	additional amounts borrowers are permitted to draw under flexible advances (in aggregate up to the fixed credit limit as set out in the relevant mortgage conditions)
further funding company	means a company (excluding the seller and Funding 1) that has complied with the conditions precedent to becoming a beneficiary and subsequently acquires a share in the trust property
further funding company payment date	the meaning given in the new intercompany loan agreement with respect to any applicable further funding company
further funding company proportion	for a further funding company, in respect of any distribution date, an amount equal to: $\frac{B}{C}$ in each case where: B = the further funding company share of that further funding company as determined for the immediately preceding trust calculation period; and

	C = the aggregate of the shares of each funding company as determined for the immediately preceding trust calculation period
further funding company share	the amount of trust property beneficially owned by the relevant further funding company from time to time, as determined in accordance with clause 11.5 of the mortgages trust deed
Funding and Mutual Societies Transfers Act	the meaning given to that term on page 70
general reserve fund	at any time, the amount standing to the credit of the general reserve ledger at that time, which may be used in certain circumstances by Funding 1 to meet any deficit in revenue or to repay amounts of principal, as described further in "**Credit Structure—General reserve fund**"
general reserve ledger	a ledger maintained by the cash manager to record the amount credited to the general reserve fund from the proceeds of a portion of each start-up loan and other withdrawals and deposits in respect of the general reserve fund
GIC collateral custody account	the Funding 1 GIC collateral custody account or the mortgages trustee GIC collateral custody account, as applicable
global notes	the Reg S global notes and the Rule 144A global notes
HMRC	Her Majesty's Revenue and Customs
holder of a note	the person in whose name such note is for the time being registered in the register (or, in the case of a joint holding, the first named thereof)
Holdings	Silverstone Securitisation Holdings Limited
Holdings corporate services agreement	an agreement entered into on the programme closing date, as amended from time to time, between Holdings, the Holdings corporate services provider, Funding 1 and the Funding 1 security trustee, which governs the provision of corporate services by the Holdings corporate services provider to Holdings
Holdings corporate services provider	Wilmington Trust SP Services (London) Limited, a private limited company incorporated in England and Wales, with registered number 02548079 and any successor thereto
Housing Indices	together, the Nationwide House Price Index and Halifax House Price Index, used to measure UK residential property prices
ICSD	The relevant international central securities depository, being either of operators of Euroclear System and Clearstream Banking, S.A..

in arrears	in respect of a loan, when one or more monthly payments in respect of a loan have become due and payable but have not been paid by a borrower within one month of their becoming so due and payable
increase amount	has the meaning given to it in Condition 5.9(a)(i) (in relation to the class Z GIC collateral notes) or Condition 5.10(a)(i) (in relation to the class Z variable funding notes), as applicable
increase date	has the meaning given to it in Condition 5.9 (in relation to the class Z GIC collateral notes) or Condition 5.10 (in relation to the class Z variable funding notes), as applicable
industry CPR	a constant prepayment rate which is calculated by dividing the amount of scheduled and unscheduled repayments of mortgages repaid in a quarter by the quarterly balance of mortgages outstanding for banks and building societies in the United Kingdom
initial advance	in respect of any loan, the original principal amount advanced by the seller to the relevant borrower
initial closing date	16 September 2008, being the date of the first issuance of notes by Silverstone Master Issuer PLC
initial contribution	the consideration in the form of cash paid by Funding 1 to the mortgages trustee in respect of the Funding 1 share of the trust property pursuant to and in accordance with the mortgages trust deed, which contribution is to fund the payment to Nationwide in its capacity as seller by the mortgages trustee of the initial purchase price in respect of loans
initial purchase price	that portion of the purchase price paid by the mortgages trustee to Nationwide in its capacity as seller on the date loans are sold to the mortgages trustee in consideration for the sale to the mortgages trustee of loans pursuant to the terms of the mortgage sale agreement
Insolvency Act	the Insolvency Act 1986, as amended from time to time
insolvency event	in respect of Nationwide (acting in any of its capacities under the transaction documents), only if any of the following events shall occur and be continuing shall an insolvency event have occurred:

(a) Nationwide becomes insolvent or is deemed unable to pay its debts within the meaning of section 123(1)(a), (b), (c) or (d) of the Insolvency Act 1986 (as amended) or applies for or consents to or suffers the appointment of a liquidator or receiver or administrator or building society liquidator or building society special administrator or similar officer of itself over the whole or any substantial part of its undertaking, property, assets or revenues or takes any proceeding under any law for a readjustment or deferment of its obligations or any part thereof or makes or enters into a general assignment or an arrangement or compromise with or for the benefit of its creditors or stops or threatens to cease to carry on its business or any substantial part of its business (except in any case in connection with a Nationwide substitution); or

(b) if Nationwide ceases to carry on its business or substantially the whole of its business (except in any case in connection with a Nationwide substitution); or

(c) an order is made, an effective resolution is passed or the necessary consent of Nationwide's members is given for the winding up or dissolution of Nationwide or the authorisation or registration of Nationwide is or is proposed to be cancelled, suspended or revoked or anything analogous or similar to any of the foregoing occurs (except in any case in connection with a Nationwide substitution)

in respect of a party other than Nationwide (for the purposes of this definition, a relevant entity) means the occurrence of any of the following:

(i) an order is made or an effective resolution passed for the winding up of the relevant entity;

(ii) 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(1)(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; or

(iii) 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 if the relevant entity initiates or consents to judicial proceedings relating to itself under any applicable liquidation, administration, insolvency, reorganisation or other similar laws or makes a conveyance or assignment for the benefit of its creditors generally or takes steps with a view to obtaining a moratorium in respect of any indebtedness

Insolvency (Northern Ireland) Order — The Insolvency (Northern Ireland) Order 1989, as amended by the Insolvency (Northern Ireland) Order 2005

insurance policies — Each of:

(a) the properties in possession policies; and

(b) buildings insurance policies arranged for borrowers by the seller

intercompany loan — all the term advances made by the issuer to Funding 1 under the intercompany loan agreement

intercompany loan acceleration notice — an acceleration notice served by the issuer security trustee on Funding 1 following an intercompany loan event of default or the equivalent in relation to any other intercompany loan

intercompany loan agreement — the intercompany loan agreement entered into on the programme closing date, as amended from time to time, between Funding 1, the issuer, the issuer security trustee and the Funding 1 security trustee as amended from time to time and comprising all intercompany loan confirmations entered into from time to time

intercompany loan confirmation — in relation to any term advance, the document between, amongst others, Funding 1 and the issuer recording the principal terms of such term advance and incorporating the intercompany loan terms and conditions

intercompany loan event of default — an event of default under the intercompany loan agreement

intercompany loan ledger — a ledger maintained by the cash manager to record payments of interest and repayments of principal made on each of the term advances under the intercompany loan

intercompany loan terms and conditions — the terms and conditions signed on the programme closing date by the issuer, Funding 1, the issuer security trustee, the Funding 1 security trustee and the agent bank for the purposes of identification, as amended from time to time

interest commencement date

(a) in relation to a series and class (or sub-class) of notes, the closing date of such notes or such other date as may be specified as such in the applicable final terms (or, in the case of exempt notes, the applicable pricing supplement); and

(b) in respect of a term advance, the closing date of the related series and class (or sub-class) of notes or such other date as may be specified as such in the applicable intercompany loan confirmation

interest payment date

(a) in relation to a series and class (or sub-class) of notes, the interest payment date as specified in the relevant notes, subject to the appropriate business day convention, if any, specified (in relation to a series and class (or sub-class) of notes) in the applicable final terms (or, in the case of exempt notes, the applicable pricing supplement); and

(b) in respect of term advances, a term advance interest payment date

interest period

(a) in relation to a series and class (or sub-class) of 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) the current interest payment date;

(b) in respect of term advances,

(i) with respect to the first term advance interest payment date in respect of such term advance, the period from (and including) the applicable interest commencement date to (but excluding) such first term advance interest payment date in respect of such term advance, and

(ii) thereafter, with respect to each term advance interest payment date in respect of such term advance, the period from (and including) the preceding term advance interest payment date in respect of such term advance to (but excluding) the next following term advance interest payment date in respect of such term advance

interest period Funding 1 amount	the meaning given to that term on page 271
interim trust calculation date	a sale date and a further contribution date occurring during a trust calculation period
interim trust calculation period	has the meaning given to it on page 205
Investment Company Act	the United States Investment Company Act of 1940, as amended
IRS	the U.S. Internal Revenue Service
ISDA definitions	either (i) the 2000 ISDA Definitions or (ii) the 2006 ISDA Definitions, as published by the International Swaps and Derivatives Association, Inc. and as amended and updated from time to time, depending on which set of definitions (the 2000 Definitions or the 2006 Definitions) are specified to apply in the relevant ISDA documentation
issuance tests	the tests set out in "**the issuance of the notes**"
issuer	Silverstone Master Issuer PLC
issuer account bank	Nationwide, in its capacity as issuer account bank pursuant to the terms of the issuer account bank agreement and any other person or persons from time to time acting as account bank under the issuer account bank agreement
issuer bank account agreement	the agreement entered into on the programme closing date between the issuer account bank, the issuer, the issuer cash manager and the issuer security trustee, as amended from time to time, which governs the operation of the issuer bank accounts
issuer bank accounts	the issuer transaction account and any other account opened and maintained by the issuer with the issuer account bank pursuant to the transaction documents
issuer calculation date	four London business days prior to each issuer payment date

issuer calculation period	the period from (and including) the initial closing date or the closing date of each subsequent series or class (or sub-class) of notes under the applicable final terms (or, in the case of exempt notes, the applicable pricing supplement) to (but excluding) the first issuer payment date and thereafter each period from (and including) an issuer payment date to (but excluding) the next issuer payment date, except that the final issuer calculation period shall end on (but exclude) the date on which the principal amount outstanding under all the relevant notes is reduced to zero
issuer cash management agreement	the issuer cash management agreement entered into on the programme closing date between the issuer cash manager, the issuer and the issuer security trustee, as amended from time to time, as described further in "**Cash management agreements—Issuer Cash Management Agreement**"
issuer cash manager	Nationwide, appointed, pursuant to the issuer cash management agreement, as agent of the issuer and the issuer security trustee to manage all cash transactions and maintain certain ledgers on behalf of the issuer, and any successor thereto
issuer charged assets	has the meaning given to that term on page 434
issuer corporate services agreement	an agreement entered into on the programme closing date, as amended from time to time, between issuer, the issuer corporate services provider and the issuer security trustee, which governs the provision of corporate services by the issuer corporate services provider to issuer
issuer corporate services provider	Wilmington Trust SP Services (London) Limited, a private limited company incorporated in England and Wales, with registered number 02548079 and any successor thereto
issuer currency swap	in respect of a series and class (or sub-class) of notes, the issuer euro currency swap or the issuer dollar currency swap, or such other foreign currency swap as the case may be, identified in the applicable final terms (or, in the case of exempt notes, the applicable pricing supplement)
issuer currency swap agreements	the issuer euro currency swap agreement, the issuer dollar currency swap agreement and such other foreign currency swap agreement (as applicable)
issuer currency swap providers	the institutions identified in respect of each issuer currency swap agreement in a supplementary prospectus
issuer deed of charge	the deed of charge entered into on the programme closing date, as amended from time to time, between, among others, the issuer, the issuer security trustee and the issuer secured creditors, including any deeds of accession or supplements thereto in connection with the issuance of a series as described further in "**Security for the issuer's obligations**"

issuer dollar currency swap agreements	in respect of a series and class (or sub-class) of notes, the ISDA master agreements, schedules thereto and confirmation thereunder, and any credit support annex or other credit support document, relating to the issuer dollar currency swaps to be entered into on or before the relevant closing date in respect of such series between the issuer, the relevant issuer swap provider and the issuer security trustee (as amended from time to time)
issuer dollar currency swaps	the sterling-dollar currency swaps which enable the issuer to receive and pay amounts under the intercompany loan in sterling and to receive and pay amounts under the dollar denominated notes, as described further in "**The swap agreements—The issuer currency swaps**"
issuer euro currency swap agreements	in respect of a series and class (or sub-class) of notes, the ISDA master agreements, schedule thereto and confirmation thereunder, and any credit support annex or other credit support document, relating to the issuer euro currency swaps to be entered into on or before the relevant closing date in respect of such series between the issuer, the relevant issuer swap provider and the issuer security trustee (as amended from time to time)
issuer euro currency swaps	the sterling-euro currency swaps which enable the issuer to receive and pay amounts under the intercompany loan in sterling and to receive and pay amounts under the euro denominated notes, as described further in "**The swap agreements—The issuer swaps—The issuer currency swaps**"
issuer interest rate swap	the fixed floating interest rate swap which enables the issuer to receive interest amounts under the intercompany loan at a different rate of interest to that which is paid on amounts under the fixed rate notes, as described further in "**The swap agreements—The issuer swaps—The issuer interest rate swaps**"
issuer interest rate swap agreement	in respect of a series and class (or sub-class) of notes, the ISDA master agreements, schedules thereto and confirmations thereunder, and any credit support annexes or other credit support documents, relating to the issuer interest rate swaps to be entered into on or before the relevant closing date in respect of such series between the issuer, the relevant issuer swap provider and the issuer security trustee (as amended from time to time)
issuer interest rate swap providers	the institutions identified in respect of each issuer interest rate swap agreement in a supplementary prospectus
issuer payment date	the date which is the 21st day of each month or, if not a London business day, the next London business day

issuer post-enforcement priority of payments	the order in which, following enforcement of the issuer security, the issuer security trustee will apply the amounts received following service of a note acceleration notice, as set out in "**Security for the issuer's obligations**" and "**Cashflows—Distribution of issuer principal receipts and issuer revenue receipts following note acceleration and intercompany loan acceleration**"
issuer pre-enforcement principal priority of payments	the order in which, prior to service of a note acceleration notice, the issuer cash manager will apply the issuer principal receipts on each interest payment date, as set out in "**Cashflows—Distribution of issuer principal receipts before note acceleration**"
issuer pre-enforcement revenue priority of payments	the order in which, prior to service of a note acceleration notice, the issuer cash manager will apply the issuer revenue receipts on each interest payment date, as set out in "**Cashflows—Distribution of issuer principal receipts before note acceleration**"
issuer principal receipts	the meaning given to that term on pages 119 and 328
issuer priority of payments	the issuer pre-enforcement revenue priority of payments, the issuer pre-enforcement principal priority of payments or the issuer post-enforcement priority of payments, as the case may be
issuer profit amount	a sum in an amount equal to 0.01% of the interest paid to the issuer on the relevant term advances on each Funding 1 payment date or such lesser amount as may be determined from time to time by the directors of the issuer acting in good faith (pursuant to their obligation to review such amount) and certified by them to the issuer security trustee, with a copy to the rating agencies
issuer revenue receipts	the meaning give to that term on pages 118 and 303
issuer secured creditors	the issuer security trustee, noteholders, the issuer swap providers, the note trustee, the issuer account bank, the paying agents, the registrar, the transfer agent, the exchange rate agent, the agent bank, the issuer corporate services provider, the post-enforcement option holder corporate service provider, the issuer cash manager and any new issuer secured creditor who accedes to the issuer deed of charge from time to time under a deed of accession or a supplemental deed
issuer security	security created by the issuer pursuant to the issuer deed of charge in favour of the issuer security trustee on trust for the issuer secured creditors
issuer security trustee	Citicorp Trustee Company Limited in its capacity as issuer security trustee, and any successor thereto

issuer swap agreements — the ISDA master agreement, schedules and confirmations in respect of a series and class (or sub-class) of notes, relating to the relevant issuer currency swaps and issuer interest rate swaps to be entered into on or before the relevant closing date in respect of such series and class (or sub class) between the issuer, the relevant issuer swap provider and issuer security trustee, as amended, restated, supplemented, replaced and/or novated from time to time

issuer swap excluded termination amount — in relation to an issuer swap agreement an amount equal to:

(a) the amount of any termination payment due and payable to the relevant issuer swap provider as a result of an issuer swap provider default or following an issuer swap provider downgrade termination event, less

(b) the amount, if any, received by the issuer from a replacement swap provider upon entry by the issuer into an agreement with such replacement swap provider to replace such issuer swap agreement which has been terminated as a result of such issuer swap provider default or following the occurrence of such issuer swap provider downgrade termination event

issuer swap provider default — as the context may require, the occurrence of an event of default (as defined in the relevant issuer swap agreement) where the relevant issuer swap provider is the defaulting party (as defined in the relevant issuer swap agreement)

issuer swap provider downgrade termination event — a termination event following the failure by an issuer swap provider to comply with the requirements of the ratings downgrade provisions set out in the relevant issuer swap agreement

issuer swap providers — the issuer currency swap providers and the issuer interest rate swap providers

issuer swaps — the issuer dollar currency swaps and the issuer euro currency swaps and each issuer interest rate swap and any other issuer currency swaps (as may be detailed in the applicable final terms (or, in the case of exempt notes, the applicable pricing supplement))

issuer transaction account — the sterling day-to-day bank account of the issuer, held with the issuer account bank pursuant to the terms of the issuer bank account agreement

landlord — has the meaning given to that term on page 360

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, and any reference to a provision of law is to be construed as a reference to such provision as the same may have been amended or re-enacted and any reference to a provision of any law of the European Union is to be construed as a reference to such provision as the same may have been implemented, transposed, enacted or retained under the laws of the United Kingdom
lending criteria	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—Underwriting—Lending criteria**"
LIBOR or sterling LIBOR	the London interbank offered rate for deposits in the relevant currency, as determined by the agent bank in accordance with the terms and conditions of the notes and the paying agent and agent bank agreement
listed notes	the meaning given to that term on page vii
loan	means each loan which is, or is to be, sold, assigned and transferred by the seller to the mortgages trustee from time to time under the terms of the mortgage sale agreement (including, without limitation, all flexible loans, product switches and additional loan advances which are, or are to be, sold, assigned and transferred by the seller to the mortgages trustee under the terms of the mortgage sale agreement and further including any loans which are Consumer credit back book mortgage contracts and, for the avoidance of doubt, any Scottish loan and any Northern Irish loan but excluding any loan which constitutes an equity release loan or a self-certified loan) and referenced by its loan identifier number and comprising the aggregate of all principal sums, interest, costs, charges, expenses and other monies due or owing with respect to that loan under the relevant mortgage conditions and loan 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
loan account	as the context requires, either (a) all loans secured on the same property or (b) an account maintained by the servicer in respect of a particular loan (whether by way of principal, interest or otherwise) and all amounts received in respect thereof
loan without independent valuation	a loan which was not the subject of a valuation report by reason of the relevant loan-to-value ratio being less than 40% or an additional loan advance where an updated valuation report was not obtained in relation to an additional loan advance

London business day	a day (other than a Saturday or Sunday) on which banks are generally open for business in London
London Stock Exchange	London Stock Exchange plc
loss calculation date	in respect of any series and class of maturity purchase notes, the date specified as such in the applicable final terms (or, in the case of exempt notes, the applicable pricing supplement)
losses	the realised losses experienced on the loans in the portfolio and, in the event that amounts cannot be withdrawn from the mortgages trustee GIC account while such amounts are collateralised pursuant to clause 4.10 of the cash management agreement (including, without limitation, in the event of a moratorium on insolvency, bank insolvency, administration or bank administration of Nationwide or it being unable to pay these amounts), the sum of (1) any shortfall between the relevant mortgages trustee designated collateral amount and the amount received upon realisation of the mortgages trustee custody collateral and (2) the relevant mortgages trustee designated term NR GIC collateral advance amount
losses ledger	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	the ratio of the outstanding principal balance of a loan to the value of the property securing that loan
LTV test	a test which assigns a credit enhancement value to each loan in the portfolio based on its current loan-to-value ratio and the amount of mortgage indemnity cover on that loan, pursuant to which the weighted average credit enhancement value for the portfolio is then determined
mandatory transfer	the meaning given to that term on page 158
mandatory transfer date	the meaning given to that term on page 158
mandatory transfer price	the meaning given to that term on page 158
mandatory transfer termination event	the meaning given to that term on page 279
mark to market election	the meaning given to that term on page 521
Markets in Financial Instruments Directive	Directive 2014/65/EU
master definitions and construction schedule	the master definitions and construction schedule signed on the programme closing date, as amended from time to time, containing definitions used in the transaction documents

maturity purchase deed	any maturity purchase deed entered into in connection with the issuance of any series and class of maturity purchase notes between, among others, the issuer, the issuer cash manager, the maturity purchaser, the note trustee and the principal paying agent as amended and restated from time to time
maturity purchase notes	any series and class of notes identified as such in the applicable final terms (or, in the case of exempt notes, the applicable pricing supplement)
maturity purchase price	in respect of any series and class of maturity purchase notes, the principal amount outstanding of the maturity purchase notes on the expected maturity date for such notes (plus any interest accrued from and including the expected maturity date to but excluding the transfer date for such notes at the rate of interest applicable to such notes on the basis that the rate of interest shall not be subject to any downward adjustment (including any reduction to the margin scheduled to apply on any step-up date) on or following the expected maturity date until (and including) the transfer date) after taking into account any principal repayments made by the issuer on or after the expected maturity date to (and including) the transfer date minus the principal deficiency losses for such notes
maturity purchaser	in respect of any series and class of maturity purchase notes, the maturity purchaser specified in a drawdown prospectus
MCOB	the FCA Mortgages and Home Finance: Conduct of Business sourcebook
minimum ratings	a long term "Issuer Default Rating" from Fitch of at least BBB or a long-term, unsecured, unsubordinated and unguaranteed rating from Moody's of at least Baa2 or short term unsecured, unsubordinated and unguaranteed credit rating from S&P of at least BBB+ (provided that for S&P, such rating requirement shall not apply to the extent S&P does not maintain a rating of any notes which are outstanding)
minimum seller share	the meaning given to that term on pages 100 and 211.
minimum trust size	an amount as specified in the most recent final terms
minimum yield	the yield as specified in the final terms applicable to the first issuance of notes from Silverstone Master Issuer PLC, and as may be amended from time to time thereafter
money market notes	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 notes are issued
monthly CPR	on any trust calculation date, the total principal receipts received during the immediately preceding trust calculation period divided by the aggregate true balance of the loans comprised in the trust property as at the immediately preceding trust calculation date

monthly notes	the meaning given to that term on page 153
monthly term A advances	a term advance made by the issuer to Funding 1 under the intercompany loan agreement from the proceeds of issue of a series of class M notes is in respect of which interest is due and payable on a monthly basis
monthly term AA advances	term advance made by the issuer to Funding 1 under the intercompany loan agreement from the proceeds of issue of a series of class B notes is in respect of which interest is due and payable on a monthly basis
monthly term AAA advances	a term advance made by the issuer to Funding 1 under the intercompany loan agreement from the proceeds of issue of a series of class A notes is in respect of which interest is due and payable on a monthly basis
monthly term BB advances	a term advance made by the issuer to Funding 1 under the intercompany loan agreement from the proceeds of issue of a series of class D notes is in respect of which interest is due and payable on a monthly basis
monthly term BBB advances	a term advance made by the issuer to Funding 1 under the intercompany loan agreement from the proceeds of issue of a series of class C notes is in respect of which interest is due and payable on a monthly basis
Moody's	Moody's Investors Service Limited and any successor to its ratings business
Moody's portfolio variation test	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	a certain percentage resulting from the application of the Moody's portfolio variation test
mortgage	means (a) in respect of any loan other than any Flexible Advance related to a loan entered into before 1 September 2002, each first charge by way of legal mortgage (in relation to an English loan), each first legal charge or mortgage (in relation to a Northern Irish loan) and each first ranking standard security (in relation to a Scottish loan), sold by the seller to the mortgages trustee pursuant to the mortgage sale agreement, in either case which secures the repayment of the relevant loan including the mortgage conditions applicable to it and (b) in respect of any flexible advance related to a loan entered into before 1 September 2002, the second or later ranking legal charge or mortgage over the English properties or Northern Irish properties, or the second or later ranking standard security over the Scottish properties, in either case which secures the repayment of the relevant flexible advance including the mortgage conditions applicable to it
Mortgage Code	the Mortgage Code issued by UK Finance

mortgage collateral required credit enhancement (or required mortgage collateral amount)	16.69 per cent. or such other percentage specified in the most recent final terms
mortgage conditions	all the terms and conditions applicable to a loan, including without limitation those set out in the seller's relevant mortgage conditions booklet and the seller's relevant general conditions, each as varied from time to time by the relevant mortgage terms and the relevant mortgage deed
Mortgage Credit Directive	Directive 2014/17/EU
mortgage deed	in respect of any mortgage, the deed (or, in respect of a Scottish mortgage, the document) creating that mortgage
mortgage related securities	as defined in the U.S. Secondary Mortgage Markets Enhancement Act 1984, as amended
mortgage sale agreement	the mortgage sale agreement entered into on the programme closing date, as amended from time to time, among the seller, the mortgages trustee, Funding 1 and the Funding 1 security trustee in relation to the sale of loans to the mortgages trustee from time to time, as further described in "**The mortgage sale agreement**"
mortgage terms	all the terms and conditions applicable to a loan, including without limitation, the applicable mortgage conditions and offer conditions
mortgages trust	the bare trust of the trust property held by the mortgages trustee as to both capital and income on trust absolutely for Funding 1 (as to the Funding 1 share), any further funding company (as to such funding company's 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	the amount standing to the credit of the principal ledger on each trust calculation date; provided that principal amounts which cannot be withdrawn from the mortgages trustee GIC account while such amounts are collateralised pursuant to clause 4.10 of the cash management agreement (including, without limitation, in the event of a moratorium on insolvency, bank insolvency, administration or bank administration of Nationwide or it being unable to pay these amounts) shall cease to constitute mortgages trust available principal receipts; provided further, that any amounts subsequently recovered in respect of such principal amounts from realisation of the related eligible collateral shall constitute mortgages trust available principal receipts. Amounts subsequently recovered in respect of such principal amounts from the mortgages trustee GIC account will not constitute mortgages trust available principal receipts but will instead constitute mortgages trust available revenue receipts
mortgages trust available revenue receipts	the meaning given to that term on page 213

mortgages trust deed	the mortgages trust deed entered into on the programme closing date, as amended from time to time, between, among others, the mortgages trustee, Funding 1 and the seller as further described in "**The Mortgages Trust**"
mortgages trustee	Silverstone Finance Trustee Limited
mortgages trustee account bank	Nationwide acting in its capacity as mortgages trustee account bank pursuant to the terms of the mortgages trustee bank account agreement and any other person from time to time acting as account bank under a mortgages trustee bank account agreement
mortgages trustee account bank required ratings	the meaning given to that term on page 248
mortgages trustee bank account agreement	the bank account agreement entered into on or about the programme closing date between the mortgages trustee account bank, the mortgages trustee, the cash manager and the Funding 1 security trustee as the same may be amended, restated, supplemented, replaced or novated from time to time and any other bank account agreements entered into by the mortgages trustee and others in respect of the mortgages trustee bank accounts
mortgages trustee bank accounts	the mortgages trustee transaction account, the mortgages trustee GIC account, the standby mortgages trustee GIC account, the mortgages trustee GIC collateral custody account and, as applicable, any additional or replacement bank accounts opened in the name of the mortgages trustee from time to time
mortgages trustee collateral agreement	the collateral agreement to be entered into by the mortgages trustee and Nationwide, as the mortgages trustee account bank that maintains the mortgages trustee GIC account, pursuant to clause 4.10 of the cash management agreement substantially in the form attached as schedule 4 to the cash management agreement;
mortgages trustee corporate services agreement	an agreement entered into on 18 September 2015, as amended from time to time, between the mortgages trustee, the mortgages trustee corporate services provider and the Funding 1 security trustee, which governs the provision of corporate services by the mortgages trustee corporate services provider to the mortgages trustee
mortgages trustee corporate services provider	Intertrust Management Limited or any successor thereto
mortgages trustee custody collateral	at any time, the amount of collateral posted pursuant to the mortgages trustee collateral agreement which may be applied at that time in satisfaction of Nationwide's obligation to the mortgages trustee under the terms of the mortgages trustee collateral agreement

mortgages trustee designated collateral amount	as at any date of determination, the aggregate amount of deposits in the mortgages trustee GIC account designated by the cash manager as being collateralised by posting under the mortgages trustee collateral agreement pursuant to clause 4.10 of the cash management agreement
mortgages trustee designated term NR GIC collateral advance amount	as at any date of determination, the aggregate amount of deposits in the mortgages trustee GIC account designated by the cash manager as being collateralised by drawdowns on the term NR GIC collateral advance pursuant to clause 4.10 of the cash management agreement
mortgages trustee GIC account	the account in the name of the mortgages trustee maintained with the mortgages trustee account bank amounts deposited to the credit of which will receive a guaranteed rate of interest determined in accordance with the Funding 1 bank account agreement, pursuant to the terms of the mortgages trustee bank account agreement or such additional or replacement account as may for the time being be in place
mortgages trustee GIC collateral custody account	a custody account opened by mortgages trustee with a third party pursuant to an eligible custody arrangement for the purposes of holding collateral posted by Nationwide pursuant to the mortgages trustee collateral agreement
mortgages trustee transaction account	the account designated as such and maintained by the mortgages trustee with the mortgages trustee account bank pursuant to the mortgages trustee bank account agreement
MPPI	mortgage payment protection insurance
Mutual Transfers Order	the meaning given to that term on page 70
Nationwide	Nationwide Building Society and any successor to the business thereof. See "**Nationwide Building Society**"
Nationwide group	Nationwide, any building society which has been acquired by, or has been merged with, Nationwide and its and their subsidiary undertakings
Nationwide substitution	a substitution of Nationwide (acting in any of its capacities under the transaction documents) by a successor in business
new Funding 1 swap	a swap entered into by Funding 1 in connection with any new term advance
new intercompany loan	a loan made by a new issuer to Funding 1 or, as applicable, to a further funding company
new intercompany loan agreement	a loan agreement pursuant to which a new issuer advances a new intercompany loan to Funding 1 or, as applicable, a further funding company
new issuer	an entity established to issue debt securities in connection with the mortgages trust, other than the issuer

new loan types	means on any date a type of loan that has not previously been comprised in the mortgages trust
new note	except where the context requires otherwise, a debt security issued by a new issuer in connection with the mortgages trust
new rated notes	any new notes that have been rated by a rating agency
new term advance	a tranche under a new intercompany loan agreement
non-asset trigger event	the meaning given to that term on pages 145 and 218
non-cash re-draws	authorised underpayments or payment holidays under flexible loans included in the portfolio, which will result in the seller being required to pay to the mortgages trustee an amount equal to the unpaid interest associated with that authorised underpayment or payment holiday
non-monthly note	a note in respect of which prior to the occurrence of a pass-through trigger event, the occurrence of a step-up date or such other date specified in relation thereto in the applicable final terms (or, in the case of exempt notes, the applicable pricing supplement) the interest payment dates do not fall on each consecutive issuer payment date
non-monthly pass-through term A advance	a term A advance which is a pass-through term advance but is not a monthly term A advance
non-monthly pass-through term AA advance	a term AA advance which is a pass-through term advance but is not a monthly term AA advance
non-monthly pass-through term AAA advance	a term AAA advance which is a pass-through term advance but is not a monthly term AAA advance
non-monthly pass-through term BB advance	a term BB advance which is a pass-through term advance but is not a monthly term BB advance
non-monthly pass-through term BBB advance	a term BBB advance which is a pass-through term advance but is not a monthly term BBB advance
non-monthly pass-through term NR advance	a term NR advance which is a pass-through term advance but is not a monthly term NR advance
non-monthly term A advance principal ledger	the ledger of such name maintained in respect of a non-monthly term A advance by the cash manager on behalf of Funding 1 pursuant to the cash management agreement to record on each Funding 1 payment date the amount allocated towards principal (if any) due in respect of such non-monthly term A advance on the next following interest payment date for such non-monthly term A advance under item (e) of the Funding 1 pre-trigger event, pre-enforcement principal priority of payments

non-monthly term A advance revenue ledger	the ledger of such name maintained in respect of a non-monthly term A advance by the cash manager on behalf of Funding 1 pursuant to the cash management agreement to record on each Funding 1 payment date the amount allocated towards interest (and, if applicable, step-up amount) due and payable in respect of such non-monthly term A advance on the next following interest payment date for such non-monthly term A advance under item (j) of the Funding 1 pre-enforcement revenue priority of payments
non-monthly term A advance	a term A advance which is not a monthly term A advance
non-monthly term AA advance principal ledger	the ledger of such name maintained in respect of a non-monthly term AA advance by the cash manager on behalf of Funding 1 pursuant to the cash management agreement to record on each Funding 1 payment date the amount allocated towards principal (if any) due in respect of such non-monthly term AA advance on the next following interest payment date for such non-monthly term AA advance under item (d) of the Funding 1 pre-trigger event, pre-enforcement principal priority of payments
non-monthly term AA advance revenue ledger	the ledger of such name maintained in respect of a non-monthly term AA advance by the cash manager on behalf of Funding 1 pursuant to the cash management agreement to record on each Funding 1 payment date the amount allocated towards interest (and, if applicable, step-up amount) due in respect of such non-monthly term AA advance on the next following interest payment date for such non-monthly term AA advance under item (h) of the Funding 1 pre-enforcement revenue priority of payments
non-monthly term AA advance	a term AA advance which is not a monthly term AA advance
non-monthly term AAA advance principal ledger	the ledger of such name maintained in respect of a non-monthly term AAA advance by the cash manager on behalf of Funding 1 pursuant to the cash management agreement to record on each Funding 1 payment date the amount allocated towards principal (if any) due in respect of such non-monthly term AAA advance on the next following interest payment date for such non-monthly term AAA advance under item (c) of the Funding 1 pre-trigger event, pre-enforcement principal priority of payments
non-monthly term AAA advance revenue ledger	the ledger of such name maintained in respect of a non-monthly term AAA advance by the cash manager on behalf of Funding 1 pursuant to the cash management agreement to record on each Funding 1 payment date the amount allocated towards interest (and, if applicable, step-up amount) due and payable in respect of such non-monthly term AAA advance on the next following interest payment date for such non-monthly term AAA advance under item (f) of the Funding 1 pre-enforcement revenue priority of payments
non-monthly term AAA advance	a term AAA advance which is not a monthly term AAA advance

non-monthly term advance	a term advance which is not a monthly term advance
non-monthly term advance ledger	a non-monthly term advance revenue ledger or non-monthly term advance principal ledger in respect of a term advance
non-monthly term advance principal ledgers	each of the non-monthly term AAA advance principal ledgers, the non-monthly term AA advance principal ledger, the non-monthly term A advance principal ledger, the non-monthly term BBB advance principal ledger or the non-monthly term BB advance principal ledger, and **non-monthly term advance principal ledger** means any one of them
non-monthly term advance revenue ledger	each of the non-monthly term AAA advance revenue ledgers, the non-monthly term AA advance revenue ledger, the non-monthly term A advance revenue ledger, the non-monthly term BBB advance revenue ledger or the non-monthly term BB advance revenue ledger, and **non-monthly term advance revenue ledger** means any one of them
non-monthly term BB advance principal ledger	the ledger of such name maintained in respect of a non-monthly term BB advance by the cash manager on behalf of Funding 1 pursuant to the cash management agreement to record on each Funding 1 payment date the amount allocated towards principal (if any) due in respect of such non-monthly term BB advance on the next following interest payment date for such non-monthly term BB advance under item (g) of the Funding 1 pre-trigger event, pre-enforcement principal priority of payments
non-monthly term BB advance revenue ledger	the ledger of such name maintained in respect of a non-monthly term BB advance by the cash manager on behalf of Funding 1 pursuant to the cash management agreement to record on each Funding 1 payment date the amount allocated towards interest (and, if applicable, step-up amount) due in respect of such non-monthly term BB advance on the next following interest payment date for such non-monthly term BB advance under item (n) of the Funding 1 pre-enforcement revenue priority of payments
non-monthly term BB advance	a term BB advance which is not a monthly term BB advance
non-monthly term BBB advance principal ledger	the ledger of such name maintained in respect of a non-monthly term BBB advance by the cash manager on behalf of Funding 1 pursuant to the cash management agreement to record on each Funding 1 payment date the amount allocated towards principal (if any) due in respect of such non-monthly term BBB advance on the next following interest payment date for such non-monthly term BBB advance under item (f) of the Funding 1 pre-trigger event, pre-enforcement principal priority of payments

non-monthly term BBB advance revenue ledger	the ledger of such name maintained in respect of a non-monthly term BBB advance by the cash manager on behalf of Funding 1 pursuant to the cash management agreement to record on each Funding 1 payment date the amount allocated towards interest (and, if applicable, step-up amount) due in respect of such non-monthly term BBB advance on the next following interest payment date for such non-monthly term BBB advance under item (l) of the Funding 1 pre-enforcement revenue priority of payments
non-monthly term BBB advance	a term BBB advance which is not a monthly term BBB advance
non-monthly term NR advance	a term NR advance which is not a monthly term NR advance
non-monthly term NR advance principal ledger	the ledger of such name maintained in respect of a non-monthly term NR advance by the cash manager on behalf of Funding 1 pursuant to the cash management agreement to record on each Funding 1 payment date the amount allocated towards principal (if any) due in respect of such non-monthly term NR advance on the next following interest payment date for such non-monthly term NR advance under item (h) of the Funding 1 pre-trigger event, pre-enforcement principal priority of payments
non-monthly term NR advance revenue ledger	the ledger of such name maintained in respect of a non-monthly term NR advance by the cash manager on behalf of Funding 1 pursuant to the cash management agreement to record on each Funding 1 payment date the amount allocated towards interest (and, if applicable, step-up amount) due in respect of such non-monthly term NR advance on the next following interest payment date for such non-monthly term NR advance under item (t) of the Funding 1 pre-enforcement revenue priority of payments
non-monthly pass-through term advance	a pass-through term advance which is not a monthly pass-through term advance
non-United States holder	a beneficial owner of 144A notes that is not a United States holder.
non-U.S. person	a person who is not a U.S. person as defined in Regulation S
Northern Irish loan	a loan secured by a Northern Irish mortgage
Northern Irish mortgage	a mortgage secured over a property in Northern Ireland
note acceleration notice	in relation to the issuer, has the meaning given to that term in the issuer master definitions and construction schedule and, in relation to any other programme issuer, means a notice upon service of which such programme notes shall become immediately due and payable as set out in the terms and conditions applicable to such programme notes

note event of default	with respect to the issuer, has the meaning given to that term in the issuer master definitions and construction schedule and, in respect to any other programme issuer, means an event of default as specified in the terms and conditions relevant to the programme notes issued by such programme issuer
noteholders	the holders of the class A notes, the class B notes, the class M notes, the class C notes, the class D notes and the class Z notes of any series
note principal payment	the amount of each principal payment payable on each note
notes	unless stated otherwise, all notes issued by the issuer including all of the class A notes, the class B notes, the class M notes, the class C notes, the class D notes and the class Z notes of any series
note trust deed	the principal agreement entered into on the programme closing date, as amended from time to time, governing the notes
note trustee	Citicorp Trustee Company Limited and any successor thereto
NR principal deficiency sub-ledger	a sub-ledger on the principal deficiency ledger of Funding 1 which specifically records any principal deficiency in respect of any pass-through term advances
offer conditions	the terms and conditions applicable to a specific loan as set out in the relevant mortgage loan agreement
Official List	the official list of the FCA as defined on page vii
offset loan	A loan which allows a borrower to keep amounts in separate accounts, but, for the purposes of calculating interest, all amounts are aggregated
OFT	the Office of Fair Trading
OID	original issue discount
OID regulations	U.S. Treasury regulations relating to original issue discount
original bullet term advance	a term advance which at any time has been a bullet term advance (even if such bullet term advance has subsequently become a pass-through term advance)
original non-monthly pass-through term A advance	a term A advance which, at any time, has been a non-monthly pass-through term advance (even if such term advance has subsequently become a monthly pass-through term advance)
original non-monthly pass-through term AA advance	a term AA advance which, at any time, has been a non-monthly pass-through term advance (even if such term advance has subsequently become a monthly pass-through term advance)
original non-monthly pass-through term AAA advance	a term AAA advance which, at any time, has been a non-monthly pass-through term advance (even if such term advance has subsequently become a monthly pass-through term advance)

original non-monthly pass-through term BB advance	a term BB advance which, at any time, has been a non-monthly pass-through term advance (even if such term advance has subsequently become a monthly pass-through term advance)
original non-monthly pass-through term BBB advance	a term BBB advance which, at any time, has been a non-monthly pass-through term advance (even if such term advance has subsequently become a monthly pass-through term advance)
original non-monthly pass-through term NR advance	a term NR advance which, at any time, has been a non-monthly pass-through term advance (even if such term advance has subsequently become a monthly pass-through term advance)
original pass-through term advance	a term advance which at the time it was advanced was a pass-through term advance
original scheduled amortisation term advance	a term advance which at any time has been a scheduled amortisation term advance (even if such term advance has subsequently become a pass-through term advance)
outstanding principal amount	in relation to a term advance or new term advance (other than a term NR GIC collateral advance or a term NR VFN advance) the original principal amount thereof on the date that it is made to Funding 1 less any payments of principal in respect thereof, except if and to the extent that any such payment has been improperly withheld or refused, and in relation to a term NR GIC collateral advance or a term NR VFN advance, the original principal amount thereof on the date that it is made to Funding 1 plus any increase amounts less any payments of principal in respect thereof, except if and to the extent that any such payment has been improperly withheld or refused
outstanding principal balance	means for any loan as at any given date, the aggregate (but avoiding double counting) of: (a) the original principal amount advanced to the relevant borrower and any further amount advanced on or before the given date to the relevant borrower secured or intended to be secured by the related mortgage; and (b) the amount of any re-draw made under any flexible loan or of any further draw made under a flexible advance secured or intended to be secured by the related mortgage; and (c) any interest, disbursement, legal expense, fee, charge, rent, service charge, premium or payment which has been properly capitalised in accordance with the relevant mortgage conditions or with the relevant borrower's consent and added to the amounts secured or intended to be secured by that loan (including interest capitalised on any re-draw under a flexible loan),

	as at the end of the London business day immediately preceding that given date less any repayment or payment of any of the foregoing made on or before the end of the London business day immediately preceding that given date and excluding any retentions made but not released and any additional loan advances committed to be made but not made by the end of the London business day immediately preceding that given date
overpayment	a payment by a borrower in an amount greater than the amount due on a payment date which (a) is permitted by the terms of such loan or by agreement with the borrower and (b) reduces the outstanding principal balance and the true balance of such loan
panel bank guidelines	guidelines set out from time to time by the cash manager for the purpose of depositing amounts standing to the credit of the Funding 1 bank accounts with eligible banks subject to and in accordance with the terms of the cash management agreement
pass-through note	a note which is redeemable in full on the final maturity date specified in the applicable final terms (or, in the case of exempt notes, the applicable pricing supplement), but which may be redeemed prior to such date subject to the pass-through payments restrictions
pass-through repayment restrictions	the meaning given to that term on page 319
pass-through requirement	the principal amount required to be paid or credited to the non-monthly term advance principal ledger on a Funding 1 payment date in respect of a pass-through term advance
pass-through term advance	a term advance which has no scheduled repayment date other than the final repayment date, namely those term advances designated as "pass-through" term advances in the applicable final terms (or, in the case of exempt notes, the applicable pricing supplement) as more particularly defined on pages 194 and 219
pass-through trigger event	the meaning given to that term on page 457
paying agent and agent bank agreement	the agreement entered into on or about the programme closing date, as amended from time to time, which sets out the appointment of the paying agents, the registrar, the transfer agent, the exchange rate agent and the agent bank for the notes
paying agents	the principal paying agent, the U.S. paying agent and any other paying agents from time to time pursuant to the paying agent and agent bank agreement
payment holiday	a period during which a borrower may suspend payments under a loan without breach
permitted product switch	the meaning given to that term on page 185

permitted redemption dates	in respect of a series and class (or sub-class) of notes, the interest payment date specified in the final terms (or, in the case of exempt notes, the applicable pricing supplement) on which those notes may be redeemed by the issuer, subject to the terms and conditions of the notes
PFIC	passive foreign investment company
portfolio	at any time, the loans and their related security sold to the mortgages trustee and held by the mortgages trustee on trust for the beneficiaries
post-enforcement call option	the call option granted to Silverstone PECOH Limited in respect of the notes under the post-enforcement call option agreement
post-enforcement call option agreement	the agreement entered into on or about the programme closing date, as amended from time to time, under which the note trustee agrees, on behalf of the holders of the notes, that following enforcement of the issuer security, the post-enforcement call option holder may call for the notes to be transferred to it
post-enforcement call option holder	Silverstone PECOH Limited
post-enforcement call option holder corporate services agreement	an agreement entered into on or about the programme closing date, as amended from time to time, between the post-enforcement call option provider, the post-enforcement call option provider corporate services provider and the issuer security trustee, which governs the provision of corporate services by the post-enforcement call option holder corporate services provider to the post-enforcement call option holder
post-enforcement call option holder corporate services provider	Wilmington Trust SP Services (London) Limited, a private limited company incorporated in England and Wales, with registered number 02548079 and any successor thereto
principal amount outstanding	the meaning given to that term on page 419 and in Condition 5.3
principal deficiency ledger	the ledger of such name maintained by the cash manager, comprising, as at the initial closing date, 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 BB principal deficiency sub-ledger and NR 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 1 available revenue receipts) in respect of payments due under the intercompany loan
principal deficiency losses	in respect of any series and class of maturity purchase notes, the outstanding balance on the principal deficiency ledger attributable, on a *pro rata* basis according to the principal amount outstanding of all notes of such class then outstanding, to such maturity purchase notes on the relevant loss calculation date

principal ledger	the ledger of such name maintained by the cash manager on behalf of the mortgages trustee pursuant to the cash management agreement to record principal receipts on the loans and payments of principal from the mortgages trustee GIC account to Funding 1, any further funding company 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 bank accounts
principal paying agent	Citibank, N.A., London Branch and any successor thereto
principal receipts	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 and prepayments on the loans made by borrowers (but excluding principal received or treated as received in respect of a loan subsequent to the completion of enforcement procedures and certain early repayment charges)
product period	the period where an interest rate is offered for a predetermined period, usually between 2 and 10 years, at the commencement of the loan
product switch	the meaning given to that term on page 185
programme	the residential mortgage backed note programme of the issuer, described in this base prospectus
programme agreement	the agreement entered into on the programme closing date, as amended from time to time between, amongst others, the issuer, Funding 1 and the dealers named therein (or deemed named therein)
programme closing date	25 July 2008
programme resolution	the meaning given to that term on page 438
properties in possession policies	the properties in possession policy written in favour of the seller and any endorsements or extensions thereto as issued from time to time, or any such similar alternative or replacement properties in possession policy or policies as may be effected from time to time to cover a seller in respect of loans and their related security, such other properties in possession policy or policies to provide such level of cover as would be acceptable to a reasonable, prudent mortgage lender at the date of such other policy or policies
property	a freehold or leasehold property (or in Scotland a heritable property or a property held under a long lease or in Northern Ireland a freehold or fee farm grant or long leasehold property) which is subject to a mortgage
PTCE	Prohibited Transaction Class Exemption

QEF election	the meaning given to that term on page 521
QIBs	qualified institutional buyers, as defined in Rule 144A under the Securities Act
QPs	Qualified purchasers within the meaning of Section 2(a)(51)(A) of the Investment Company Act and the rules and regulations thereunder
qualified stated interest	the meaning given to that term on page 517
qualifying noteholder	a company (as defined in section 992 of the Income Tax Act 2007) within the charge to United Kingdom corporation tax as regards any payment of interest under the relevant class Z notes
quarterly CPR	on any date, the average of the three most recent CPRs, where CPR is, on any trust calculation date, the annualised principal repayment rate of all the loans comprised in the trust property during the immediately preceding trust calculation period calculated as follows: 1 – ((1 – R) ^ 12) where R equals the result (expressed as a percentage) of the total principal receipts received during the immediately preceding trust calculation period divided by the aggregate outstanding principal balance of the loans comprised in the trust property as at the first day of that trust calculation period
quarterly trust calculation date	the 12th day of each January, April, July and October or, if such date is not a London business day, the next succeeding London business day and the day on which the mortgages trust is terminated
rated notes	unless stated otherwise, all of the class A notes, the class B notes, the class M notes, the class C notes and the class D notes of any series issued by the issuer
rating	rating assigned by the rating agencies to the notes or, as applicable, any new notes
rating agencies	each of Moody's, Standard & Poor's and Fitch, and any further or replacement rating agency appointed by the issuer with the approval of the note trustee to give a credit rating to the notes of any series
rating agency confirmation	a confirmation in writing by a relevant rating agency that the then current ratings of the rated notes will not be adversely affected by or withdrawn as a result of the relevant event or matter
reasonable, prudent mortgage lender	a reasonably prudent prime residential mortgage lender lending to borrowers in England, Wales, Northern Ireland and Scotland who generally satisfy the lending criteria of traditional sources of residential mortgage capital

receiver	a receiver appointed by the issuer security trustee or the Funding 1 security trustee pursuant to the issuer deed of charge or, as applicable, the Funding 1 deed of charge
record date	the meaning given to that term on page 427 and in Condition 6.7
re-draw	either a cash re-draw or a non-cash re-draw
reference lenders	The Banks and Building Societies specified as the reference lenders in the master definitions and construction schedule
refinancing distribution	the meaning given to that term on pages 192 and 228
Registers of Northern Ireland	the Land Registry of Northern Ireland and/or the Registry of Deeds of Northern Ireland
Registers of Scotland	the Land Register of Scotland and/or the General Register of Sasines
registrar	Citibank, N.A., London Branch and any successor thereto
Reg S notes	the meaning given to that term on pages i and 458
Regulated Activities Order	Financial Services and Markets Act 2000 (Regulated Activities) Order 2001
regulated mortgage contract	a mortgage contract which falls within the definition of "regulated mortgage contract", under the Regulated Activities Order (as applicable at the relevant time)
Regulation S	Regulation S under the Securities Act
Reg S global note	has the meaning given to that term on pages 374 and 458
reinstatement	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 and all other matters applicable thereto acquired as part of the portfolio sold to the mortgages trustee
relevant accumulation amount	the amount of funds to be accumulated over a cash accumulation period in order to repay a bullet term advance or a scheduled amortisation instalment on its scheduled repayment date whether or not actually repaid on that scheduled repayment date
relevant closing date	in respect of a series and class (or sub-class) of notes, the closing date specified in the applicable final terms (or, in the case of exempt notes, the applicable pricing supplement)
relevant interim trust calculation period	has the meaning given to that term on page 210

relevant rate	has the meaning given to that term in the related confirmation documented under the Funding 1 swap agreement
relevant rating agencies	rating agencies (provided that S&P shall only be included to the extent such rating agencies maintains ratings of outstanding notes) and each a **relevant rating agency**
remarketing agent	the meaning given to that term on page 158
remarketing agreement	the meaning given to that term on page 278
repayment tests	Rules (1) and (2) under "**Cashflows—Distribution of Funding 1 available principal receipts**"
reserve funds	the general reserve fund and the Funding 1 liquidity reserve fund
reset margin	the meaning given to that term on page 279
revenue ledger	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 the mortgages trustee bank accounts and payments of revenue receipts from the mortgages trustee transaction account to Funding 1, any further funding company 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 bank accounts
revenue receipts	amounts received by the mortgages trustee in the mortgages trustee GIC account or the standby mortgages trustee GIC account in respect of the loans other than principal receipts and third party amounts
right to buy loan	a loan in respect of a property made in whole or in part to a Borrower for the purpose of enabling that borrower to exercise his right to buy the relevant property under (a) section 156 of the Housing Act 1985 excluding however such loan in respect of which the statutory charge referred to in section 155 of the Housing Act 1985 has expired or (b) section 61 of the Housing (Scotland) Act 1987 excluding however such loan in respect of which the period during which the seller's standard security referred to in section 72 of that Act is of effect has expired or (c) Article 4 of the Housing (NI) Order 1983 (as amended), excluding each loan in respect of which the discount covenant charge referred to in that legislation has expired
RTB disposal period	the meaning given to that term on page 360
Rule 144A	Rule 144A under the Securities Act
Rule 144A global notes	the meaning given to that term on page 458
Rule 144A notes	the meaning given to that term on pages i, 374 and 458

S&P methodology	the meaning given to that term on page 173
sale date	the date on which any loans are sold to the mortgages trustee in accordance with the mortgage sale agreement
scheduled amortisation instalment	in respect of each term advance that is a scheduled amortisation term advance and in respect of the corresponding series and class (or sub-class) of scheduled redemption notes, the instalment amounts specified as applying to such term advance and related series and class (or sub-class) of notes in the applicable final terms (or, in the case of exempt notes, the applicable pricing supplement)
scheduled amortisation repayment restrictions	the meaning given to that term on page 320
scheduled amortisation term advance	any term advance that is scheduled to be repaid in instalments on one or more Funding 1 payment dates, namely those term advances designated as a "scheduled amortisation" term advances in the applicable final terms (or, in the case of exempt notes, the applicable pricing supplement) as more particularly defined on page 220
scheduled redemption dates	in respect of a series and class (or sub-class) of notes, the interest payment dates, if any, specified in the applicable final terms (or, in the case of exempt notes, the applicable pricing supplement), for the payment of principal, subject to the terms and conditions of the notes
scheduled redemption note	a note which is redeemable on scheduled redemption dates in one or more scheduled amortisation instalments, the dates and amounts of which will be specified in the applicable final terms (or, in the case of exempt notes, the applicable pricing supplement)
scheduled repayment dates	in respect of a term advance, the date(s) specified in the applicable final terms (or, in the case of exempt notes, the applicable pricing supplement), for the repayment of principal
scheduled transfer date	in respect of any series and class of maturity purchase notes, the date specified as such in the applicable final terms (or, in the case of exempt notes, the applicable pricing supplement)
Scottish declarations of trust	the declarations of trust to be 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	a loan secured by a Scottish mortgage
Scottish mortgage	a mortgage secured over a property in Scotland
Scottish Sasine transfer	the meaning given to that term on page 69
Securities Act	United States Securities Act of 1933, as amended

Securitisation Tax Regulations	the Taxation of Securitisation Companies Regulations 2006 (SI 2006/3296) (as amended)
self-certified loan	means a mortgage loan marketed and underwritten on the premise that the applicants and/or intermediaries representing them were made aware prior to the seller's underwriting assessment that income could be self-certified
seller	Nationwide
seller's policy	the originating, underwriting, administration, arrears and enforcement policy applied by or on behalf of the seller from time to time to the loans and their related security owned solely by the seller
seller share	the seller's share of the trust property from time to time as calculated on each trust calculation date
seller share percentage	the seller share as expressed as a percentage of the trust property from time to time as calculated on each trust calculation date
senior expenses	amounts ranking in priority to interest due on the term advances
series	in relation to the notes, all notes (of any class) issued and designated as such
servicer	Nationwide or such other person as may from time to time be appointed as servicer of the portfolio pursuant to the servicing agreement
servicer termination event	an event upon which the mortgages trustee and/or any funding company (in respect of Funding 1, with the prior written consent of the Funding 1 security trustee) may, by written notice to the servicer, terminate the servicer's rights and obligations immediately. See pages 86 and 234 for details of such events.
servicing agreement	the agreement entered into on the programme closing date (as amended from time to time) between the servicer, the mortgages trustee, the seller, the Funding 1 security trustee and Funding 1 under which the servicer agrees to administer the loans and their related security comprised in the portfolio, as described further in "**Servicing Agreement**"
share trustee	Intertrust Corporate Services Limited, private limited company incorporated in England and Wales with registered number 3920255
shortfall	the deficiency of Funding 1 available income receipts on a Funding 1 payment date over the amounts due by Funding 1 under the Funding 1 pre-enforcement revenue priority of payments
SMR	the seller's standard mortgage rate which was introduced in April 2009 and does not have an interest rate cap

SMR loans	those loans to the extent that and for such time that the interest rate payable on such loan varies in accordance with the seller's "Standard Mortgage Rate" (and shall, for the avoidance of doubt, exclude loans during the period that are fixed rate loans, BMR loans or tracker rate loans)
SOFR	the Secured Overnight Financing Rate
SONIA	the Sterling Overnight Index Average benchmark risk-free rate administered by the Bank of England
SONIA screen page	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	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)
special distribution	the meaning given to that term on pages 192 and 227
staff loan	any loan provided by Nationwide Building Society directly to an employee of Nationwide Building Society or any of its subsidiaries
Standard & Poor's or S&P	S&P Global Ratings Europe Limited and any successor to its ratings business
standard documentation	the standard documentation, annexed to the relevant exhibit of the mortgage sale agreement or any update or replacement therefor as the seller may from time to time introduce acting in accordance with the standards of a reasonable, prudent mortgage lender
standby mortgages trustee GIC account	the account opened by the mortgages trustee with a standby mortgages trustee account bank pursuant to the mortgages trustee bank account agreement
start-up loan agreements	the start-up loan agreement entered into on the programme closing date, as amended from time to time, and any other start-up loan agreement entered into in connection with the issuance of notes on any other closing date and the second start-up loan agreement
start-up loan provider	Nationwide, in its capacity as provider of each start-up loan
start-up loans	each loan made by the start-up loan provider under a start-up loan agreement in connection with the issuance of notes on any closing date and the second start-up loan
step-up coupon	the meaning given to that term on page 155

step-up date	(i) in relation to a term advance, the Funding 1 payment date on which the interest rate on the relevant term advance under the intercompany loan increases or decreases by a pre-determined amount and (ii) in relation to the notes, the interest payment date on which the interest rate on the relevant notes increases or decreases by a pre-determined amount as specified in the applicable final terms (or, in the case of exempt notes, the applicable pricing supplement)
stressed excess spread	the meaning given on page 169
sub-class	any sub-class of a series and class of notes
subscription agreement	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 issuer and the relevant dealers
subsidiary	any company which is for the time being a subsidiary (as defined under section 1159 of the Companies Act 2006)
subsidiary undertaking	any undertaking which is for the time being a subsidiary undertaking (within the meaning of Section 1162 of the Companies Act 2006)
successor in business	if Nationwide (acting in any of its capacities under the transaction documents) shall merge or amalgamate with or otherwise transfer all or substantially all of its engagements or business to another entity (including, without limitation, by an amalgamation under Section 93 of the Building Societies Act, a transfer of engagements under Section 94 of the Building Societies Act, a transfer business under Section 97 of the Building Societies Act or a transfer of business to a subsidiary of a mutual society pursuant to any order made in the future by HM Treasury under section 3 of the Building Societies (Funding) and Mutual Societies (Transfers) Act 2007), the entity resulting from such merger, amalgamation or transfer, provided that Nationwide has received confirmation in writing from S&P that the current ratings of the rated notes immediately prior to such merger, amalgamation or transfer are not anticipated to be adversely affected by or withdrawn as a result of such merger, amalgamation or transfer (and advance notice in writing of such merger, amalgamation or transfer has been provided to Moody's and Fitch and there being no reduction, qualification or withdrawal by Moody's or Fitch of the then current ratings of the rated notes as a consequence thereof) (provided that such confirmation from S&P shall not be required to the extent such rating agency does not maintain a rating of any notes which are outstanding)
SVMR	the seller's standard variable mortgage rates being either the SMR or the BMR
SVR capped rate	the meaning given to that term on page 232

swap agreements	the Funding 1 swap agreement and the issuer swap agreements and a swap agreement means any one of them
swap collateral	means an amount equal to the value of the collateral (or the applicable part of any collateral) provided by an issuer swap provider to the issuer in respect of that issuer swap provider's obligations to transfer collateral to the issuer under the relevant issuer swap agreement which is equal to that issuer swap provider's liability under the relevant issuer swap agreement as at the date of termination of the relevant issuer swap agreement or which it is otherwise entitled to have returned to it under the terms of the relevant issuer swap agreement
swap early termination event	an event where a swap agreement may be terminated in certain circumstances prior to its scheduled termination date as detailed on page 275
swap providers	the Funding 1 swap provider and the issuer swap providers and a swap provider means any one of them
swap tax credits	means any credit, allowance, set-off or repayment received by the issuer in respect of tax from the tax authorities of any jurisdiction relating to any deduction or withholding giving rise to an increased payment by a swap provider to the issuer
tax certificate	a certificate substantially in the form set out in the paying agent and agent bank agreement
tender agent	the meaning given to that term on page 278
tender instruction	the meaning given to that term on pages 160 and 424
term A advances	the term advances made by the issuer to Funding 1 under the intercompany loan agreement from the proceeds of issue of any series of class M notes
term AA advances	the term advances made by the issuer to Funding 1 under the intercompany loan agreement from the proceeds of issue of any series of class B notes
term AAA advances	the term advances made by the issuer to Funding 1 under the intercompany loan agreement from the proceeds of issue of any series of class A notes
term advances	means the term AAA advances, the term AA advances, the term A advances, the term BBB advances, the term BB advances and the term NR advances being the advances made by the issuer to Funding 1 pursuant to the intercompany loan agreement, each term advance being funded from proceeds received by the issuer from the issue of a series and class (or sub-class) of notes
term advance interest payment date	in respect of a term advance, the interest payment date as specified in the relevant intercompany loan confirmation, subject to the appropriate business day convention, if any, specified in such intercompany loan confirmation

term BB advances	the term advances made by the issuer to Funding 1 under the intercompany loan agreement from the proceeds of issue of any series of class D notes
term BBB advances	the term advances made by the issuer to Funding 1 under the intercompany loan agreement from the proceeds of issue of any series of class C notes
term NR advances	the term advances made by the issuer to Funding 1 under the intercompany loan agreement from the proceeds of issue of any series of class Z notes, including term NR GIC collateral advances and term NR VFN advances
term NR GIC collateral advance	the term advances made by the issuer to Funding 1 under the intercompany loan agreement from the proceeds of issue of and further drawings on the class Z GIC collateral note
term NR VFN advance	the term advances made by the issuer to Funding 1 under the intercompany loan agreement from the proceeds of issue of and further drawings on the class Z variable funding notes
third party amounts	the meaning given to that term on page 213
total hedge	means, in respect of a calculation period, an amount in sterling equal to: (a) the sum of the outstanding principal amount of all intercompany loans at the close of business on the first day of that calculation period; less (b) the sum of (x) the balance of the principal deficiency ledger attributable to all intercompany loans at the close of business on the first day of that calculation period, and (y) the amount of the principal receipts in the Funding 1 GIC account attributable to all intercompany loans at the close of business on the first day of that calculation period
tracker rate loan	those loans to the extent that and for such time that the interest rate payable by the borrower is linked to a variable rate other than the SMR or the BMR (and shall, for the avoidance of doubt, exclude loans during the period that they are fixed rate loans, BMR loans or SMR loans). The interest rate on tracker rate loans is currently set at a margin by reference to rates set by the Bank of England
transaction documents	the documents listed in paragraph (D) in "**Listing and general information—Documents available**" and any additional documents entered into in connection therewith
transfer agent	Citibank, N.A., London Branch and any successor thereto
transfer date	in respect of any series and class of maturity purchase notes, the later of the scheduled transfer date and the deferred transfer date

trigger event — an asset trigger event and/or a non-asset trigger event

true balance — for any loan as at any given date, the aggregate (but avoiding double counting) of:

(a) the original principal amount advanced to the relevant borrower and any further amount advanced on or before the given date to the relevant borrower secured by the related mortgage; and

(b) the amount of any re-draw made under any flexible loan or of any further draw made under a flexible advance secured by the related mortgage; and

(c) any interest, disbursement, legal expense, fee, charge, rent, service charge, premium or payment which has been properly capitalised in accordance with the relevant mortgage conditions or with the relevant borrower's consent and added to the amounts secured by that loan (including interest capitalised on any re-draw under a flexible loan); and

(d) any other amount (including, for the avoidance of doubt, accrued interest and arrears of interest) which is due or accrued (whether or not due) and which has not been paid by the relevant borrower and has not been capitalised in accordance with the relevant mortgage conditions or with the relevant borrower's consent but which is secured by that loan,

as at the end of the London business day immediately preceding that given date less any repayment or payment of any of the foregoing made on or before the end of the London business day immediately preceding that given date and excluding any retentions made but not released and any additional loan advances committed to be made but not made by the end of the London business day immediately preceding that given date

trust calculation date — the 12th day of each month or, if not a London business day, the next succeeding London business day and the day on which the mortgages trust is terminated

trust calculation period — the meaning given to that term on page 203

trust property — the meaning given to that term on page 199

UK Capital Requirements Regulation — Regulation (EU) No. 575/2013 as it forms part of UK domestic law by virtue of the EUWA

UK corporate services providers — the issuer corporate services provider, the post-enforcement call option holder corporate services provider, the Funding 1 corporate services provider and Holdings corporate services provider

UK CRA Regulation	Regulation (EC) No 1060/2009 (as amended) as it forms part of UK domestic law by virtue of the EUWA
UK CRR Amendment Regulation	Regulation (EU) 2017/2401 as it forms part of UK domestic law by virtue of the EUWA
UK EMIR	European Regulation 648/2012 of 4 July 2012, as amended by Regulation (EU) 2019/834 of the European Parliament and of the Council of 20 May 2019 as it forms part of UK domestic law by virtue of the EUWA, as amended or supplemented from time to time
UK LCR Regulation	Regulation (EU) 575/2013 (as amended) 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	the Markets in Financial Instruments Directive 2014/65/EU as it forms part of UK domestic law by virtue of the EUWA
UK Prospectus Regulation	Regulation (EU) 2017/1129 as it forms part of UK domestic law by virtue of the EUWA
UK Securitisation Regulation	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 and official guidance related thereto, in each case as amended, varied or substituted from time to time)
UK share trustee	Wilmington Trust SP Services (London) Limited, a private limited company incorporated under the laws of England and Wales with registered number 02548079
UK STS requirements	the requirements of Articles 19 to 22 of the UK Securitisation Regulation and Article 243 of the UK Capital Requirements Regulation
underpayment	a payment made by a borrower in an amount less than the monthly payment then due on the loan such deficit amount being an amount not exceeding the aggregate of any previous overpayments
underwriters	the underwriters for the Rule 144A notes specified in the final terms (or, in the case of exempt notes, the pricing supplement) relating to any series and class (or sub-class) of notes offered thereunder

United States holder	a beneficial owner of Rule 144A notes who is for U.S. federal income tax purposes: (a) a citizen or resident of the United States; (b) a corporation or partnership created or organised in or under the laws of the United States or any state thereof (including the District of Columbia); (c) any estate, the income of which is subject to U.S. federal income tax regardless of the source of its income; or (d) 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 U.S. persons have the authority to control all substantial decisions of the trust
U.S. connected holder	the meaning given to that term on page 522
USD-LIBOR	the London inter-bank offered rate for deposits in U.S. dollars as determined by the agent bank in accordance with the terms and conditions of the relevant notes and the paying agent and agent bank agreement
U.S. paying agent	Citibank, N.A. or any successor thereto
U.S. person	the meaning given to that term on page i
UTCCR	the Unfair Terms in Consumer Contracts Regulations 1999 as amended and the Unfair Terms in Consumer Contracts Regulations 1994
valuation	a determination of the value of a property which would meet the standards of a reasonable, prudent mortgage lender (as referred to under "**Servicing Agreement—Undertakings by the servicer**")
valuation fee	a fee incurred by borrowers as a result of the seller obtaining a valuation of the property
valuation report	the valuation report or reports for mortgage purposes, in the form of one of the pro-forma contained in the standard documentation, obtained by the seller from a valuer in respect of each property or a valuation report in respect of a valuation made using a methodology which would be acceptable to a reasonable, prudent mortgage lender and which has been approved by the relevant officers of the seller or a valuation done by way of automated valuation model

valuer	an Associate or Fellow of the Royal Institute of Chartered Surveyors or the Incorporated Society of Valuers and Auctioneers who was at the relevant time either a member of a firm which was on the list of valuers approved by or on behalf of the seller from time to time or an Associate or Fellow of the Royal Institute of Chartered Surveyors or the Incorporated Society of Valuers and Auctioneers employed in-house by the seller acting for the seller in respect of the valuation of a property
variable base rates	the seller's or the mortgages trustee's SVMR, as applicable
variable mortgage rate	the rate of interest which determines the amount of interest payable each month on a variable rate loan
variable rate loan	a loan where the interest rate payable by the borrower varies in accordance with a variable base rate
VAT	(a) any tax imposed in compliance with the Council Directive of 28 November 2006 on the common system of value added tax as amended (EC Directive 2006/112); and (b) any other tax of a similar nature, whether imposed in a member state of the European Union in substitution for, or levied in addition to, such tax referred to in paragraph (a) above, or imposed elsewhere.
WAFF	weighted average foreclosure frequency
WALS	weighted average loss severity
weighted average Funding 1 proportion	has the meaning given to it on page 224
weighted average further funding company proportion	has the meaning given to it on page 224
zero coupon note	a note, the interest basis of which is specified in the applicable final terms (or, in the case of exempt notes, the applicable pricing supplement) as being zero coupon

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