Company Number 15954249

Valley Funding Plc

Annual report and financial statements
For the period from 13 September 2024 (date of incorporation) to 31 December 2025

Contents

Page

Officers and professional advisers

Directors

CSC Directors (No.1) Limited (appointed on 13 September 2024)
CSC Directors (No.2) Limited (appointed on 13 September 2024)
Paivi Helena Whitaker (appointed on 13 September 2024)

Company secretary and registered office

CSC Corporate Services (UK) Limited
10th Floor
5 Churchill Place
E14 5HU
London
United Kingdom

Company number

15954249
(England and Wales)

Independent auditors

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
7 More London Riverside
London
SE1 2RT
United Kingdom

Strategic report for the period from 13 September 2024 (date of incorporation) to 31 December 2025

The directors present their Strategic report of Valley Funding Plc (the "Company") for the period from 13 September 2024 (date of incorporation) to 31 December 2025.

Incorporation, principal activities and business review

The Company was incorporated on 13 September 2024 as a public limited company, limited by shares, under the Companies Act 2006 and registered in England and Wales to act as a special purpose company to raise funding through the issue of notes and to apply the proceeds to acquire portfolios of owner-occupied and buy-to-let residential mortgage loans and their related security.

On 18 December 2024 (the "Closing Date"), as part of a securitisation transaction, the Company issued £755,408,000 Class A mortgage backed floating rate notes, £59,420,000 Class B mortgage backed floating rate notes, £62,003,000 Class C mortgage backed floating rate notes, £32,035,000 Class D mortgage backed floating rate notes, £20,668,000 Class E mortgage backed floating rate notes, £11,367,000 Class F mortgage backed floating rate notes, £92,490,000 Class Z mortgage backed zero rate notes, £15,088,000 Class R mortgage backed zero notes, (together, the "Notes"). The Class A-F notes were issued at par and as the Class Z and Class R notes were issued at an aggregated discount of £41,426,351. The Company also entered into a vertical risk retention loan agreement (the "VRR Loan Note") with Bank of Scotland plc (the "Retention Holder", the "Seller" and the "Servicer"). The VRR Loan Note was issued to satisfy the requisite risk retention requirements in the UK, being equal to no less than 5 per cent of the notional value of the Notes. The VRR Loan Note is exposed to 5 per cent of the risk and rewards of all classes of the Notes. In addition to the Notes and VRR Loan Note, the Company also issued certificates (the "Residual Certificates"). The Residual Certificates represent the right to receive the residual funds in the priority of payments at each Interest Payment Date ("IPD"), to the extent funds are available. The Notes are listed on the Official List of the London Stock Exchange. The Notes have a first optional redemption date on the IPD falling in August 2027 and a final maturity date due in May 2066. The majority holder of the Residual Certificates has the right to exercise a purchase option in relation to the loans, which would lead to an early redemption of the Notes and VRR Loan Note on the optional redemption date. The Notes, VRR Loan Note and the Certificates are limited recourse obligations of the Company.

The Company applied the total proceeds from the issuance of the Notes and VRR Loan Note of £1,060,703,097 to pay the initial consideration of £1,041,036,635 to the Seller to acquire the beneficial title to a portfolio of non-confirming UK owner-occupied and buy-to-let residential mortgage loans together with the related security (the "Loans"). The Loans were secured by first charges over residential properties located in England, Wales, Northern Ireland and Scotland. The Loans are well seasoned and were originated between 1999 and 2024. In addition, the proceeds were used to fund the novation of an interest rate swap and to establish a liquidity reserve fund of £15,883,348 (the "Liquidity Reserve Fund").

The purchase price of the mortgage portfolio consists of the initial consideration, as above, plus deferred consideration. The deferred consideration consists of the amounts payable in accordance with the priority of payments. The right to such payments being represented by the issue of the Residual Certificates to the Seller at nil value, in accordance with the Mortgage Sale Agreement.

Following the issue of the Residual Certificates to the Seller on the Closing Date, the Seller transferred 100 percent of the Residual Certificates to one or more third party investors. As a result of the transfer of the Residual Certificates, the directors concluded that the Seller substantially transferred all the risks and rewards of ownership of the Loans as a result of the transaction. Accordingly, in the Seller's financial statements, the transfer of the ownership of the beneficial interest in the Loans resulted in their derecognition. The directors of the Company have therefore concluded that it is appropriate to account for the beneficial interest acquired in the Loans by recognising the Loans on the Company's Statement of financial position. The day 1 value of the Loans represented the initial consideration paid to the Seller to acquire the beneficial interest, along with the fair value of the Residual Certificates at the Closing Date.

The Company's functions and business activities are set out in the prospectus dated 16 December 2024 which also documents the terms and conditions of the Notes, VRR Loan Note and the legal agreements setting out the terms of the securitisation (the "transaction documents"). The Company's obligation to pay

Strategic report for the period from 13 September 2024 (date of incorporation) to 31 December 2025 *(continued)*

Incorporation, principal activities and business review *(continued)*

principal and interest on the Notes and VRR Loan Note and amounts due on the Residual Certificates and its operating and administrative expenses will be met primarily from payments of principal and revenue received from the Loans.

The directors do not anticipate any changes to the present level of activity, or the nature of, the Company's business in the foreseeable future.

Key performance indicators

Given the nature of the Company's activities, the directors consider the performance of the Loans and the related borrowing under the Notes to be the key performance indicator for the Company. The gross carrying value of the Loans was £774,060,452 as at the period end with an impairment provision of £7,574,770 recognised against the Loans. The principal repaid on the Loans was used to redeem the Notes and VRR Loan Note on each IPD. At the end of the period, the amortised cost of the Notes, VRR Loan Note and Residual Certificates amounted to £821,743,021.

A change in the credit rating assigned to the Company's Notes is also considered to be an indicator of the performance of the Company. The credit ratings were first assigned at the time of issue and are then monitored and reviewed by the Credit Rating Agencies and reflect the likelihood of full and timely payment to the note holders of interest and principal when due. There have been no changes in rating from the Closing Date.

The class Z and R notes and VRR Loan Note are unrated.

The directors monitor the quarterly arrears profile of the Loans:

Delinquencies days	**Jan-25**	**Apr-25**	**Jul-25**	**Oct-25**	**Jan-26**
days	%	%	%	%	%
Current and up to 30 days	56.51	57.75	58.01	59.09	58.93
>30 <=60 days	10.42	9.71	9.76	9.70	9.39
>60<=90 days	7.52	7.08	6.93	6.81	6.83
>90	25.55	25.46	25.30	24.40	24.85
Total	**100**	**100**	**100**	**100**	**100**

	31 December 2025
Aggregate principal of Loans in arrears (£)	417,279,750
Loans with one to five months in arrears (£)	263,252,837
Loans with six months or more in arrears (£)	154,026,913
Total number of Loans in arrears	3,637

A Principal Deficiency Ledger is maintained for each Class of Notes to record any realised losses on the Loans and any Principal Addition Amounts (as defined in the transaction documents) applied as Available Revenue Receipts. Losses and Principal Addition Amounts are recorded as debits to the relevant sub-ledgers in reverse sequential order, beginning with the Class Z Notes and proceeding through Classes F, E, D, C, B, and A, in each case up to the principal amount outstanding of the relevant Class. Subsequent to the period end, the balance on the Class Z Principal Deficiency Sub-Ledger was £919,607 (16 February 2026), with the balance on all other Classes standing at £Nil.

The outstanding balance of the Loans in repossession & sold during the period end was £9,273,931. As of 31 December 2025, there were 88 properties in repossession having outstanding balance of £13,099,055.

Strategic report for the period from 13 September 2024 (date of incorporation) to 31 December 2025 *(continued)*

Principal risks and uncertainties

The Company's activities expose it to a number of risks and uncertainties which are largely mitigated by the structure of the transaction and discussed in detail within the transaction documents. The key business risks affecting the Company and its management are set out in the Future developments and Financial instruments sections below.

Future developments

The key future developments which the directors expect to have the greatest impact on the Company, due to their impact on the performance of the Loans (in particular, future cash flows, default rates and collateral values), relate to pressures resulting from uncertainty, changes in the macroeconomic environment and the likelihood of the Portfolio Purchase Option (as defined in the transaction documents) being exercised. Further detail of the option and impacts have been explained in the director's report and note 13.

The UK has faced significant economic uncertainty in recent years. As of January 2026, the Consumer Price Index (CPI) inflation rate, as reported by the Office for National Statistics (ONS), is 3.0%. Although it has reduced significantly since 2022 and 2023, it is still higher than the government's long-term target of 2.00%. To mitigate the risk of inflationary spikes, the Bank of England has implemented further cuts reducing its base rate to 3.75% as of March 2026.

Additionally, the increase in employers' National Insurance contributions from April 2025 has raised labour costs for businesses, potentially placing upward pressure on unemployment. Furthermore, the US administration's decision to impose worldwide tariffs, alongside heightened geopolitical tensions (including conflicts in the Middle East, the Russia-Ukraine war, reported US military actions and threats in Latin America, and policy positions regarding Greenland) could disrupt global supply chains and financial markets, thereby further compounding existing economic challenges.

While the extent and duration of the effect of this economic uncertainty remains unclear, there is a risk of financial instability for the Company; for example, a detrimental effect on the UK economy may ultimately impact the borrowers' ability to repay the Loans , or on the Servicer's ability to continue to effectively service the Loans. However, as at the reporting date there has been no material impact from these macroeconomic factors on the Company's financial performance or cash flows.

The Company will continue to monitor the effect these macroeconomic factors have on borrowers' ability to service their Loans and on UK property prices, and therefore the performance of the Company.

Financial instruments

The Company's operations are financed primarily by means of the Notes and the VRR Loan Note. The Company issued such financial instruments to finance the acquisition of the Loans. It is not the Company's policy to trade in financial instruments.

The primary risks arising from the Company's financial instruments are credit risk, liquidity risk and interest rate risk. The principal nature of such risks is summarised below.

Credit risk

Credit risk reflects the risk that the underlying borrowers or other transaction parties will not meet their obligations as they fall due.

The Company's business objective rests on the performance of the Loans. The Loans are secured by first charges over residential properties in England, Wales and Scotland which represents the Company's primary mitigation of credit risk. The Company considered the Seller's assessment of the borrowers' expected ability to service the Loans according to their contractual terms, deeming this to be a primary factor in assessing the credit risk of the Loans and making the decision to lend at the inception of each Loan. However, given the time which has elapsed since origination, the directors consider the assessment of credit risk at origination to now be less important than the recent performance of the Loans. Accordingly, the directors monitor performance of the Loans or any deviation from expected terms or missed payments. Credit risk is

Strategic report for the period from 13 September 2024 (date of incorporation) to 31 December 2025 *(continued)*

Credit risk *(continued)*
minimised by the fact that the collateral underlying the Loans is deemed to be good quality and provide a steady cash flow for the Company to discharge all liabilities. Credit risk is monitored and managed on a regular basis through the review of publicly available quarterly investor reports prepared by the cash manager and monthly servicer reports prepared by the Servicer. These are reviewed in detail by senior management. The Company assesses the recoverability of its assets at each balance sheet date and makes an allowance for impairment losses.

At period end, the Company was party to an interest rate swap with Lloyds Bank Corporate Markets PLC. The credit risk of the swap relates only to the cash flows exchanged by the counterparties. The swap counterparty is subject to a trigger event based on its rating per the transaction documents.

Liquidity risk
Liquidity risk is the risk that the Company is not able to meet its financial obligations as they fall due or can do so only at an unacceptably high cost. The Company's ability to meet payments on the Notes, VRR Loan Note and the Residual Certificates as they fall due is dependent on timely receipt of funds which may be delayed due to slow repayments on the Loans. The Liquidity Reserve Fund was established on the Closing Date from the proceeds of the Class R Notes and the amount required, from time to time, to be standing to the credit of the Liquidity Reserve Fund Ledger shall be an amount equal to the Liquidity Reserve Fund Required Amount (as defined in the transaction documents). Available Revenue Receipts are available (in accordance with the Pre-Enforcement Revenue Priority of Payments) to fund and replenish the Liquidity Reserve Fund in accordance with the requirements described in the transaction documents.

The Liquidity Reserve Fund is available to be applied as Available Revenue Receipts in accordance with the Pre-Enforcement Revenue Priority of Payments to cover any shortfalls on the senior expenses, Class A Note (or the equivalent part of the VRR Loan Note) interest payments. If, on any IPD, the Company has insufficient funds to make payment in full of all amounts of interest in relation to any other Class of Note, then the Company is entitled to defer payment of that amount until the following IPD. The Company shall not be entitled to defer amounts of interest payable in respect of the Class A Notes. The transaction documents also include a Credit Reserve Fund mechanism; however, the criteria in which this reserve is required to be funded have not currently been met. The Company's assets are financed principally by the issuance of the Notes and the VRR Loan Note. The financing policy substantially reduces the Company's liquidity risk by matching the maturity profile of the Company's funding to the profile of the assets being funded.

The Notes and the VRR Loan Note are subject to mandatory redemption in part on each IPD at an amount equal to the principal received or recovered in respect of the Loans. If not otherwise redeemed or purchased and cancelled, the Notes and VRR Loan Note will be redeemed at their principal amounts outstanding on the IPD falling in May 2066. Ultimately, due to the limited recourse obligations of the Company in respect of the Notes, VRR Loan Note and Residual Certificates the Company is only obliged to make payments of interest and principal on the Notes and the VRR Loan Note to the extent that repayments are received from the Loans or from any security over the Loans being realised. However, it is to be noted that failure to pay interest on the most senior class of the Notes will constitute an event of default.

Interest rate risk
Interest rate risk exists where interest rates on assets and liabilities are either set according to different basis or reset at different times. The net interest margin is dependant on the movements of interest rates and can create mismatches in cash flows (non-current assets or liabilities) or repricing dates (floating assets or liabilities). The Company is subject to the risk of a mismatch between the rate of interest (including margin) receivable in respect of the Loans and the rate of interest (including margin) payable in respect of the Notes. The Company's liabilities under the floating rate Notes are based on the compounded daily SONIA rate for the relevant period. As a result, the Company uses derivative financial instruments to mitigate residual interest rate risk. At the period end the Company was party to interest rate swap to hedge against interest rate risk arising from the resetting of interest rates of assets and liabilities on different bases. The Company has established the Liquidity Reserve Fund to cover shortfalls in interest payments for the most senior classes of Notes, to the extent that interest income from the Loans is insufficient, to cover the amount of interest owed to the senior noteholders.

Strategic report for the period from 13 September 2024 (date of incorporation) to 31 December 2025 *(continued)*

Currency risk

The Company is not exposed to currency risk as all its financial instruments are denominated in GBP.

Capital management

The Company is not subject to any external capital requirements, except for the minimum requirement under the Companies Act 2006. The Company has not breached this minimum requirement.

Section 172 statement

Section 172(1) of Companies Act 2006 requires the directors to act in the way they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole, and in doing so have regard (amongst other matters) to:

a) the likely consequences of any decision in the long term,
b) the interests of the Company's employees,
c) the need to foster the Company's business relationships with suppliers, customers and others,
d) the impact of the Company's operations on the community and the environment,
e) the desirability of the Company maintaining a reputation for high standards of business conduct, and
f) the need to act fairly as between members of the Company

As a special purpose vehicle the governance structure of the Company is such that the key policies have been predetermined at the time of issuance. The directors have had regards to the matters set out in section 172(1) of the Companies Act 2006 as follows:

With reference to the likely consequences of any decision in the long term, the transaction documents have been formulated to achieve the Company’s purpose and business objectives, safeguard the assets and promote the success of the Company with a long term view and in accordance with relevant securitisation legislation.

The matters set out in subsections (b)–(f) have limited or no relevance to the Company for the following reasons:

- The Company has no employees;
- The Company has no customers other than the underlying borrowers of the Loans;
- The Company has appointed various professional third parties to perform certain roles governed by the transaction documents;
- As a special purpose vehicle, the Company has no physical presence or operations and accordingly has minimal impact on the community and the environment; and
- The Company has a sole member with the issued shares all held on a discretionary trust basis for charitable purposes.

In accordance with s. 426B Companies Act 2006 a copy of this statement is available at
https://connect.cscgfm.com/issuer/0cA6sHJeHpBU

On behalf of the Board

umar khan (Mar 31, 2026 14:40:00 GMT+1)

Muhammad Umar Khan
per pro CSC Directors (No.1) Limited
As Director
31 March 2026

Directors' report for the period from 13 September 2024 (date of incorporation) to 31 December 2025

The directors present their annual report together with the audited financial statements of the Company for the period from 13 September 2024 (date of incorporation) to 31 December 2025.

Results

The statement of comprehensive income of the Company is set out on page 20 and shows the income after tax of £6,295,817 for the period. Under the terms of the securitisation the Company retains £1,250 (the "Issuer Profit") on each IPD which is credited to the retained profit ledger as described in the transaction documents. The Issuer profit for the period was £5,000, which forms part of the profit for the financial period. Cash profits in excess of this amount are paid to the Residual Certificate holders as deferred consideration after the redemption of Class R Notes. Therefore, whilst over the life of the transaction the profit or loss shown in the statement of comprehensive income in any accounting period may differ from this amount, due to non-cash accounting adjustments, such as the effective interest rate, the movement in the fair value of the interest rate swap and movements in the impairment provision, such profits or losses are expected to reverse over the life of the transaction, leaving the Company ultimately with retained earnings equal to the aggregate Issuer profit accruing over the life of the transaction.

The directors do not recommend the payment of a dividend for the period ended 31 December 2025.

Going concern

In order to form a view as to the most appropriate basis of preparation of these financial statements, the directors have assessed the likelihood of whether the Company will be able to continue trading over the foreseeable future versus the likelihood of either intending to or being forced to either cease trading or to place the Company into liquidation.

The ability of the Company to meet its obligations on the Notes, VRR Loan Note and Residual Certificates and to meet its operating and administrative expenses is dependent principally on the performance of the Loans. The Notes, VRR Loan Note and Residual Certificates are a limited recourse obligation of the Company, secured over the Loans, and the Company's ability to pay amounts due on them are, in substance, limited to the application of the receipts from the Loans under the terms of the priority of payments as set out in the terms and conditions of the Notes, VRR Loan Note and Residual Certificates.

Liquidity support for each Class of Notes or Residual Certificates (as applicable) is provided in the following manner:

- the subordination in payment of those Classes of Notes and Residual Certificates ranking junior in the Priority of Payments;
- in respect of the Class A Notes only, prior to Class A Notes being redeemed in full or the service of an Enforcement notice, application of the Liquidity Reserve Fund (if any) as Available Revenue;
- in respect of the Class A Notes, Class B Notes, Class C Notes, Class D Notes, Class E Notes and Class F Notes only, the Principal Addition Amounts to cure a revenue shortfall.

The directors note that at the period end date the balance on the Credit Reserve Fund was £Nil and that there was a balance of £539,171 on the Class Z Note Principal Deficiency Sub-Ledger. However, If, on any IPD, the Company has insufficient funds to make payment in full of all amounts of interest, then the Company is entitled to defer payment of that amount until the following IPD.

The directors have performed an assessment of going concern. In terms of considering going concern, the focus was upon the Company's position in respect of the potential for reduced cash flows to trigger an event of default, amounts that may be deferred per the transaction documents, and the operational resilience of the Company.

However, the directors believe there to be a material uncertainty over the going concern of the Company due to the impact of the First Optional Redemption Date (as defined in the transaction documents). This is because on or after 16 August 2027 the person or an entity representing the person (or persons in aggregate) who is holder of more than 50 per cent. of the Residual Certificates (the "Portfolio Option Holder") may exercise the Portfolio Purchase Option.

Directors' report for the period from 13 September 2024 (date of incorporation) to 31 December 2025 *(continued)*

Going concern *(continued)*

The exercise of this option is not within the control of the Company. If the Portfolio Purchase Option is exercised, the Company would be required to sell and transfer the Loans to the Portfolio Option Holder at the Portfolio Purchase Option Purchase Price (as defined in the transaction documents). The Notes and VRR Loan Note would then be paid off using the proceeds of the sale of the Loans and the Company would cease trading. However, if this option is not exercised, the directors have no intention to cease trading and there is a reasonable expectation that the Company has adequate resources to continue in operational existence for at least twelve months from the date of approval of the financial statements. Although there is no legal obligation or confirmed intention to exercise the Portfolio Purchase Option at this stage, the directors currently consider there to be an equal likelihood of the option being exercised and of it not being exercised. Consequently, the directors are of the opinion that this indicates a material uncertainty which may cast a significant doubt about the Company's ability to continue as a going concern.

The financial statements do not include the adjustments that would result if the Company were unable to continue as a going concern.

Streamlined energy and carbon reporting

The Company is out of scope for Streamlined Energy and Carbon Reporting ("SECR") as it does not meet the relevant numerical thresholds in relation to turnover and number of employees. The Company acknowledges recommendations provided by the Task Force on Climate-related Financial Disclosures ("TCFD"). However, as a special purpose vehicle with no physical presence or workforce, the Company has determined that TCFD disclosures (which are intended for companies with operational footprints) are not applicable at this time. The directors will continue to monitor any changes in the climate risk environment.

Future developments

Information on future developments is included in the Strategic report.

Financial risk management

Information on financial risk management is included in the Financial instruments section of the Strategic report.

Corporate governance

The directors have been charged with governance in accordance with the transaction documents describing the structure and operation of the transaction. The governance structure of the Company is such that the key policies have been predetermined at the time of issuance and the operational roles have been assigned to third parties with their roles strictly governed by the transaction documents.

The transaction documents provide for procedures that have been designed for safeguarding assets against unauthorised use or disposition, for maintaining proper accounting records and for the reliability and usefulness of financial information used within the business or for publication. Such procedures are designed to manage rather than eliminate the risk of failure to achieve business objectives whilst enabling them to comply with the regulatory obligations.

Due to the nature of the securities which have been issued, the Company is exempt from the disclosure requirements of the Financial Conduct Authority pertaining to the Disclosure and Transparency Rules (DTR) as detailed in DTR 7.1 audit committees and DTR 7.2 corporate governance statements (save for DTR 7.2.5 requiring a description of the features of the internal control and risk management systems), which would otherwise require the Company respectively, to have an audit committee in place and to include a corporate governance statement in the report of the directors. The directors are therefore satisfied that there is no requirement for an audit committee, or a supervisory body entrusted to carry out the functions of an audit committee.

Directors' report for the period from 13 September 2024 (date of incorporation) to 31 December 2025 *(continued)*

Corporate governance *(continued)*

The directors have established processes regarding internal control and risk management systems to ensure their effective oversight of the financial reporting process.

Issued share capital

The issued share capital consists of £12,501 comprising 49,999 quarter paid and 1 fully paid ordinary shares of £1 each.

Directors and their interests

The directors of the Company who were in office during the period and up to the date of signing the financial statements were:

CSC Directors (No.1) Limited
CSC Directors (No.2) Limited
Paivi Helena Whitaker

None of the directors or their immediate relatives have any beneficial interest in the ordinary share capital of the Company.

None of the directors or their immediate relatives had any interest during the period in any material contract or arrangement with the Company.

Company secretary

CSC Corporate Services (UK) Limited was appointed company secretary on 8 July 2022 and continued to act as secretary for the period from 13 September 2024 (date of incorporation) to 31 December 2025.

Third party indemnities

Qualifying third party indemnity provisions for the benefit of the directors were in force during the period under review and remain in force as at the date of approval of the annual report and financial statements.

Statement of directors' responsibilities in respect of the financial statements

The directors are responsible for preparing the Annual report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial period. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law).

Under Company law, directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102 have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

Directors' report for the period from 13 September 2024 (date of incorporation) to 31 December 2025 *(continued)*

Statement of directors' responsibilities in respect of the financial statements *(continued)*

The directors are responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are also responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006.

Directors' confirmations

In the case of each director in office at the date the directors' report is approved:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware; and

- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Independent auditor

The auditor, PricewaterhouseCoopers LLP, was appointed as the first auditor of the Company during the period under review and are to remain in office until the concluding of the Company's first annual general meeting. Having expressed their willingness to continue in office and pursuant to section 489 of the Companies Act 2006, a resolution for the re-appointment of PricewaterhouseCoopers LLP will be proposed at the forthcoming annual general meeting.

On behalf of the Board

umar khan (Mar 31, 2026 14:40:00 GMT+1)

Muhammad Umar Khan
per pro CSC Directors (No.1) Limited
As Director
31 March 2026

Independent auditors’ report to the members of Valley Funding Plc

Report on the audit of the financial statements

Opinion

In our opinion, Valley Funding Plc’s financial statements:

- give a true and fair view of the state of the company’s affairs as at 31 December 2025 and of its profit and cash flows for the period from 13 September 2024 to 31 December 2025;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, including FRS 102 “The Financial Reporting Standard applicable in the UK and Republic of Ireland”, and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual report and financial statements (the “Annual Report”), which comprise:

- the Statement of financial position as at 31 December 2025;
- the Statement of comprehensive income, the Statement of changes in equity and the Statement of cash flows for the period then ended; and
- the notes to the financial statements, which include a description of the significant accounting policies.

Our opinion is consistent with our reporting to the directors.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (“ISAs (UK)”) and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors’ responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC’s Ethical Standard, as applicable to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

To the best of our knowledge and belief, we declare that non-audit services prohibited by the FRC’s Ethical Standard were not provided.

We have provided no non-audit services to the company in the period under audit.

Material uncertainty related to going concern

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in note 1 to the financial statements concerning the company's ability to continue as a going concern. The Directors note that on or after 16 August 2027, a holder of more than 50 percent of the Residual Certificates may exercise the Portfolio Purchase Option. If the Portfolio Purchase Option is exercised, which is not within the control of the Company, the Company would be required to sell and transfer the Loans to the Portfolio Option Holder. The Notes would then be repaid using the proceeds of the sale of the Loans and the Company would cease trading. These conditions, along with the other matters explained in note 1 to the financial statements, indicate the existence of a material uncertainty which may cast significant doubt about the company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the company were unable to continue as a going concern.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Our evaluation of the directors' assessment of the company's ability to continue to adopt the going concern basis of accounting included:

- Obtaining an understanding of the directors' going concern assessment and reviewed the underlying assumptions, including evaluating the uncertainty associated with the exercise of the Portfolio Purchase Option.

- Inspecting the transaction documents to verify that the Notes are limited recourse in all circumstances and that certain expenses can be deferred if there are insufficient funds.

- Performing an assessment to identify factors that could impact the going concern basis of accounting, including the key terms of the transaction as set out in the transaction documents, such as what constitutes an event of default.

- Inspecting the post year end investor reports for pertinent changes in cash flows, such as deterioration in the performance of the Loans or uncleared write offs on the principal deficiency ledger.

- Assessing the appropriateness of the disclosures in the financial statements.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Our audit approach

Context

The Company is a special purpose entity ("SPE") that forms part of a securitisation structure, established for the purpose of acquiring a portfolio of mortgage loans (the "Loans") funded by the issuance of mortgage-backed notes (the "Notes") and including the issuance of certificates (the "Certificates). The Notes issued by the Company are listed on the London Stock Exchange and the Certificates are not listed. The activities of the Company are conducted primarily by reference to a series of transaction documents (the "transaction documents").

Overview

Audit scope

- The scope of our audit and the nature, timing and extent of audit procedures performed were determined by our risk assessment and other qualitative factors.

- We tailored the scope of our audit to ensure that we performed sufficient work to enable us to opine on the financial statements.

- We identified all material classes of transactions, account balances and disclosures, including those that were considered qualitatively material, and conducted our work over those accordingly.

Key audit matters

- Material uncertainty related to going concern

- Impairment of the Loans

- Errors in accounting due to a lack of understanding of the transaction

- Errors in the priority of payments (the "Waterfall") due to lack of understanding of the transaction

Materiality

- Overall materiality: £8,269,778 based on 1% of total assets.

- Performance materiality: £6,202,334.

The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements.

Key audit matters

Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

In addition to going concern, described in the Material uncertainty related to going concern section above, we determined the matters described below to be the key audit matters to be communicated in our report. This is not a complete list of all risks identified by our audit.

Key audit matter	**How our audit addressed the key audit matter**
Impairment of the Loans The risk of a material misstatement in the Loans impairment provision is a significant risk because of the judgement involved in determining the definition of a loss event and the subjectivity involved in estimating the recoverable amount if the property is repossessed. We note that as the Company reports under UK GAAP (FRS102 with IAS 39), provisioning is on an incurred loss basis.This means that as the portfolio reduces there is an increased risk of latent credit risk building up, which only ultimately occurs in the event of a future economic event (e.g. increases in base rate, reduction in house	In response to this key audit matter we: • Understood and evaluated the design and implementation of relevant controls; • Tested the reasonableness of key assumptions and judgements used in the impairment modelling and provisioning applied by

<table>
<tr>
<td>prices,increase in unemployment) or at the expected maturity date of the loan (e.g. if there is no repayment plan for an interest only loan). As such, consideration of loss events that have occurred but not yet been reported is important, along with the recoverable amount of the collateral. As referenced in Note 1, there is significant judgement involved in management's determination of the necessity for, and quantum of, any impairment provision against the Loans. Related disclosures in the Financial Statements: Note 1: Critical accounting judgement and estimates

Note 7: Loans

Note 13: Financial instruments - Credit risk</td>
<td>management by reference to the portfolio and independently sourced data;

• Tested the mathematical accuracy of the model used to calculate the impairment provision;

• Re-performed the arrears categorisation and, for a sample of the Loans, tested the cash collections;

• For a sample of the Loans, tested the existence of a legal charge, over the collateral properties; and

• Critically assessed the reasonableness of management's point estimate, based on our analysis of the Loans and their performance post period end.</td>
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<tr>
<td>Errors in accounting due to a lack of understanding of the transaction

As this was the first period for which financial statements were prepared there is a risk that - due to unfamiliarity and the complexity of the transaction - the accounting may not fully reflect all aspects of the underlying transaction. The directors have concluded that the seller achieved derecognition on the sale of the Loans to the Company as a result of the transfer of the Certificates to a third party and have therefore recognised the Loans on the Company's Statement of financial position. The Loans, Notes and Certificates are initially recognised at fair value and are subsequently measured at amortised cost using the effective interest rate method and will be reduced by any payments or effective interest rate adjustments occurring during the period. Related disclosures in the Financial Statements:

Note 1. Use of estimates and judgements

Note 7. Loans

Note 9. Creditors

Note 13. Financial instruments</td>
<td>In response to this key audit matter, we have:

• Reviewed the terms of the securitisation in order to ensure that the director's conclusions regarding the accounting for the Company's purchase of a beneficial interest in the Loans is consistent with the requirements of IAS 39;

• Tested the calculations and reconciliations underlying the fair values of the Loans, Notes and Certificates at initial recognition and subsequent measurement at amortised cost; and

• Assessed the appropriateness of the disclosures in the financial statements in accordance with FRS 102.</td>
</tr>
<tr>
<td>Errors in the priority of payments (the "Waterfall") due to lack of understanding of the transaction

As a SPE, the Company is required on each Interest Payment Date ("IPD") to pay out receipts on the Loans in accordance with a priority of payments, set out in the transaction documents. This ensures that creditors, including noteholders, receive payments in accordance with their seniority in the priority of payments. The correct sequencing of payments at each IPD, as well as the appropriate use of cash flows to fund the reserves, is</td>
<td>In response to this key audit matter, we have:

• Agreed that the Waterfalls prepared during the period were consistent with the priority of payments set out in the transaction documents;</td>
</tr>
</table>

therefore important, given the limited recourse nature of the Notes. As this was the first period of Waterfall preparation, there is a heightened risk that payments have not been made in line with those prescribed by the transaction documents. Related disclosures in the Financial Statements: Note 2. Interest receivable and similar income Note 3. Interest payable and similar expenses Note 7 Loans Note 9. Creditors	• For a sample of Waterfalls prepared during the period, compared the available amounts for distribution to the amount received in respect of the Loan and verify the split of interest and principal received; and • Verified the payments made to the bank statements of the Company.

How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the company, the accounting processes and controls, and the industry in which it operates.

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we looked at where the directors made subjective judgements, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain.

The impact of climate risk on our audit

As part of our audit we made enquiries of management to understand the extent of the potential impact of climate risk on the company's financial statements, and we remained alert when performing our audit procedures for any indicators of the impact of climate risk. Our procedures did not identify any material impact as a result of climate risk on the company's financial statements.

Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

Overall company materiality	£8,269,778.
How we determined it	1% of total assets
Rationale for benchmark applied	The Company is a not for profit entity, whose main priority is to remit the cash received in respect of its assets so as to repay its liabilities.

We use performance materiality to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds overall materiality. Specifically, we use performance materiality in determining the scope of our audit and the nature and extent of our testing of account balances, classes of transactions and disclosures, for example in determining sample sizes. Our performance materiality was 75% of overall materiality, amounting to £6,202,334 for the company financial statements.

In determining the performance materiality, we considered a number of factors - the history of misstatements, risk assessment and aggregation risk and the effectiveness of controls - and concluded that an amount at the upper end of our normal range was appropriate.

We agreed with the directors that we would report to them misstatements identified during our audit above £413,489 as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors’ report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic report and Directors' report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic report and Directors' report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' report for the period ended 31 December 2025 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of directors' responsibilities in respect to the financial statements, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditors’ responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors’ report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to any breach of the listing requirements of London Stock Exchange under which the prospectus dated 16 December 2024 was issued or of the transaction documents, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as Companies Act 2006. We evaluated management’s incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to the posting of inappropriate journal entries. Audit procedures performed by the engagement team included:

- Making inquiries of management and those charged with governance in relation to known or suspected instances of non-compliance with laws and regulations and fraud;
- Testing of the reconciliation of the financial statements to the period end servicer's reports and to the bank statements of the Company;
- Testing journals, using a risk-based approach; and
- Audit procedures performed over the provision for impairment of the Loans is outlined in the key audit matters section above.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

Our audit testing might include testing complete populations of certain transactions and balances, possibly using data auditing techniques. However, it typically involves selecting a limited number of items for testing, rather than testing complete populations. We will often seek to target particular items for testing based on their size or risk characteristics. In other cases, we will use audit sampling to enable us to draw a conclusion about the population from which the sample is selected.

A further description of our responsibilities for the audit of the financial statements is located on the FRC’s website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors’ report.

Use of this report

This report, including the opinions, has been prepared for and only for the company’s members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not obtained all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Appointment

We were first appointed by the company for the financial year ended 31 December 2025. Our uninterrupted engagement covers one financial year.

Andrew Batty (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
31 March 2026

Valley Funding Plc
Company number: 15954249

Statement of comprehensive income for the period from 13 September 2024 (date of incorporation) to 31 December 2025

	Note	Period ended 31 December 2025 £
Interest receivable and similar income	2	89,052,105
Interest payable and similar expenses	3	(65,361,807)
Net Interest income		**23,690,298**
Movement in fair value of the interest rate swap	10	(4,159,955)
Impairment charge	7	(7,574,770)
Principal write-offs	7	(1,397,886)
Operating expenses		(4,260,620)
Profit before taxation	4	**6,297,067**
Taxation on profit	6	(1,250)
Profit for the financial period	12	**6,295,817**
Other comprehensive income		–
Total comprehensive income for the financial period		**6,295,817**

All amounts relate to continuing activities.

The accompanying notes on page number 23 to 37 are an integral part of these financial statements.

Valley Funding Plc
Company number: 15954249

Statement of financial position as at 31 December 2025

	Note	31 December 2025 £
Fixed assets		
Loans	7	614,777,364
Current assets		
Loans	7	159,283,088
Cash at bank (restricted)	14	52,799,180
Debtors	8	118,160
		212,200,428
Creditors: amount falling due within one year	9	(185,049,593)
Net current assets		**27,150,835**
Total assets less current liabilities		**641,928,199**
Creditors: amounts falling due after more than one year	9	**(635,619,881)**
Net assets		**6,308,318**
Capital and reserves		
Called up share capital	11	12,501
Profit and loss account	12	6,295,817
Total shareholders' funds		**6,308,318**

The accompanying notes on page number 23 to 37 are an integral part of these financial statements.

The financial statements on page number 19 to 37 were approved and authorised for issue by the Board on 31 March 2026, and were signed on its behalf by:

umar khan (Mar 31, 2026 14:40:00 GMT+1)

Muhammad Umar Khan
per pro CSC Directors (No.1) Limited
As Director
31 March 2026

Valley Funding Plc
Company number: 15954249

Statement of changes in equity for the period ended 31 December 2025

	Called up share capital	Profit and loss account	Total shareholders' funds
	£	£	£
At 13 September 2024 (date of incorporation)	–	–	–
Issue of share capital	12,501	–	12,501
Total comprehensive income for the financial period	–	6,295,817	6,295,817
Balance as at 31 December 2025	**12,501**	**6,295,817**	**6,308,318**

The accompanying notes on page number 23 to 37 are an integral part of these financial statements.

Valley Funding Plc
Company number: 15954249

Statement of cash flows for the period ended 31 December 2025

	Note	Period from 13 September 2024 to 31 December 2025
		£
Cash flow from operating activities		
Net cash outflow from operating activities	14	(4,283,780)
Tax paid		–
Net cash used in operating activities		**(4,283,780)**
Cash flow from investing activities		
Acquisition of the Loans		(1,041,036,635)
Principal repayments on Mortgage Loans		300,528,125
Interest received on Loans		53,987,550
Interest received on bank balances		2,610,632
Net Cash flow from investing activities		**(683,910,328)**
Cash flows before financing activities		**(688,194,108)**
Cash flow from financing activities		
Share Capital issued and paid		1
Proceeds from the issue of Notes		1,060,703,097
Payment on inception of interest rate swap		(3,783,113)
Issue Cost		(6,500,000)
Redemption of Notes		(266,692,521)
Interest paid on Notes		(45,226,325)
Interest received on Swap		2,492,149
Net Cash flow from financing activities		**740,993,288**
Increase in cash at bank and in hand		**52,799,180**
Cash at bank and in hand at the start of the period		**–**
Cash at bank and in hand at the end of the period		**52,799,180**

The accompanying notes on pages 23 to 37 are an integral part of these financial statements.

Notes to the financial statements for the period from 13 September 2024 (date of incorporation) to 31 December 2025

1. Accounting policies

General information

Valley Funding Plc (the "Company") is a public company, limited by shares, incorporated and domiciled in the United Kingdom and registered in England and Wales. The address of its registered office is 10th Floor, 5 Churchill Place, London, E14 5HU.

The Company was incorporated on 13 September 2024 as a public limited company, limited by shares, under the Companies Act 2006 and registered in England and Wales to act as a special purpose company to raise funding through the issue of notes and to apply the proceeds to acquire portfolios of non-confirming UK owner-occupied and buy-to-let residential mortgage loans and their related security. Further information is included in the "Incorporation, principal activities, business review and future developments "section of the Strategic report.

Statement of compliance

The Company has adopted and is in compliance with United Kingdom Accounting Standards, Financial Reporting Standard 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland (the "FRS 102") and the Companies Act 2006.

Adjusting the Statement of comprehensive income

The directors have adjusted the format of the Statement of comprehensive income as allowed under the Companies Act 2006. This adjustment takes into account the opinion of the directors that net interest income constitutes a more appropriate reflection of the Company's activities than turnover and cost of sale in the statement of comprehensive income.

Basis of preparation

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies. As permitted by Section 11 of FRS 102, the provisions of IAS 39 have been applied consistently with respect to the recognition and measurement of financial instruments. The significant accounting policies which have been applied consistently throughout the period to the Company's financial statements are set out below. The presentational currency of these financial statements is sterling. All amounts in the financial statements have been rounded to the nearest £1.

Going concern

In order to form a view as to the most appropriate basis of preparation of these financial statements, the directors have assessed the likelihood of whether the Company will be able to continue trading over the foreseeable future versus the likelihood of either intending to or being forced to either cease trading or to place the Company into liquidation.

The ability of the Company to meet its obligations on the Notes, VRR Loan Note and Residual Certificates and to meet its operating and administrative expenses is dependent principally on the performance of the Loans. The Notes and Certificates are a limited recourse obligation of the Company, secured over the Loans, and the Company's ability to pay amounts due on them are, in substance, limited to the application of the receipts from the Loans under the terms of the priority of payments as set out in the terms and conditions of the Notes and Certificates.

Liquidity support for each Class of Notes or Residual Certificates (as applicable) is provided in the following manner:

- the subordination in payment of those Classes of Notes and Residual Certificates ranking junior in the Priority of Payments;
- in respect of the Class A Notes only, prior to Class A Notes being redeemed in full or the service of an Enforcement notice, application of the Liquidity Reserve Fund (if any) as Available Revenue;

Notes to the financial statements for the period from 13 September 2024 (date of incorporation) to 31 December 2025 *(continued)*

1. Accounting policies *(continued)*

Going concern *(continued)*

- in respect of the Class A Notes, Class B Notes, Class C Notes, Class D Notes, Class E Notes and Class F Notes only, the Principal Addition Amounts to cure a revenue shortfall.

The directors note that at the period end date the balance on the Credit Reserve Fund was £Nil and that there was a balance of £539,171 on the Class Z Note Principal Deficiency Sub-Ledger. However, If, on any IPD, the Company has insufficient funds to make payment in full of all amounts of interest, then the Company is entitled to defer payment of that amount until the following IPD.

The directors have performed an assessment of going concern. In terms of considering going concern, the focus was upon the Company's position in respect of the potential for reduced cash flows to trigger an event of default, amounts that may be deferred per the transaction documents, and the operational resilience of the Company.

However, the directors believe there to be a material uncertainty over the going concern of the Company due to the impact of the First Optional Redemption Date (as defined in the transaction documents). This is because on or after 16 August 2027 the person or an entity representing the person (or persons in aggregate) who is holder of more than 50 per cent. of the Residual Certificates (the "Portfolio Option Holder") may exercise the Portfolio Purchase Option. The exercise of this option is not within the control of the Company. If the Portfolio Purchase Option is exercised, the Company would be required to sell and transfer the Loans to the Portfolio Option Holder at the Portfolio Purchase Option Purchase Price (as defined in the transaction documents). The Notes and VRR Loan Note would then be paid off using the proceeds of the sale of the Loans and the Company would cease trading. However, if this option is not exercised, the directors have no intention to cease trading and there is a reasonable expectation that the Company has adequate resources to continue in operational existence for at least twelve months from the date of approval of the financial statements. Although there is no legal obligation or confirmed intention to exercise the Portfolio Purchase Option at this stage, the directors currently consider there to be an equal likelihood of the option being exercised and of it not being exercised. Consequently, the directors are of the opinion that this indicates a material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern.

The financial statements do not include the adjustments that would result if the Company were unable to continue as a going concern.

Segmental analysis

The whole Company's operations are carried out in the United Kingdom and the results and net assets are derived from its acquisition of the Loans and therefore the directors only report one business and one geographic segment.

Loans

The Loans are non-derivative financial assets with fixed or determinable repayments that are not quoted in an active market. They are classified under IAS 39 as loans and receivables. The Loans and related transaction cost are measured on initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method. The initial fair value of the Loans is based on the initial consideration paid and the directors' assessment of the expected deferred consideration to be paid to the Residual Certificates holders. The discount inherent in the acquisition price of the Loans is accreted as a part of the effective interest rate.

Notes to the financial statements for the period from 13 September 2024 (date of incorporation) to 31 December 2025 *(continued)*

1. Accounting policies *(continued)*

Loans *(continued)*

Appropriate allowances for estimated irrecoverable amounts are recognised in the statement of comprehensive income when there is objective evidence that the assets are impaired. Impairment on the Loans is discussed under the Impairment section of the accounting policies.

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

Notes and VRR Loan Note

The Notes and VRR Loan Note are classified as other financial liabilities and are initially recognised at fair value at the date of issuance of the liability and are subsequently measured at amortised cost using the effective interest rate method. The discount on the Notes and VRR Loan Note along with the issue cost is accreted over the expected life of the structure as part of the effective interest rate. The holder of the majority of the Residual Certificates has the option to purchase the Loans on or after the optional redemption date in August 2027 which would result in the early redemption of the Notes and VRR Loan Note.

If the option is not exercised the margins over the reference rate on the Notes and VRR Loan Note will be increased. As such the payments on Notes and VRR Loan Note are impacted due to the option and increase in the margin. Whilst these features of the Notes and VRR Loan Note are considered to represent embedded derivatives, the economic characteristics and risks of such features are closely related to the economic characteristics and risks of the Notes and VRR Loan Note. As such these embedded derivatives are not required to be separated and accounted for as a derivative.

The Notes and VRR Loan Note are limited recourse liabilities of the Company. Payments due on each IPD are dependent on the Company's receipt of payments from the underlying Loans. However, the Company's legal obligation to repay the principal and interest on the Notes and VRR Loan Note remains in place until the final maturity date, irrespective of the actual performance of the Loans. Consequently, in calculating the amortised cost of the Notes and the VRR Loan Note, the Company does not take into account any anticipated future credit gains or potential write-offs related to the Notes and VRR Loan Note.

Impairment of Loans

The Company assesses at each reporting date whether there is any objective evidence that a financial asset is impaired. A financial asset or portfolio of financial assets is impaired and an impairment loss incurred if there is objective evidence that an event or events since initial recognition of the asset have adversely affected the amount or timing of future cash flows from the asset. These indicators primarily relate to arrears in scheduled payments past due by more than 30 days. If there is objective evidence that an impairment loss on a financial asset classified as loans and receivable has been incurred, the Company measures the amount of the loss as the difference between the carrying amount of the asset and the present value of estimated future cash flows from the asset.

Impairment losses are recognised in the Statement of comprehensive income and the carrying amount of the financial asset reduced by establishing an allowance for impairment losses. If in a subsequent period the amount of the impairment loss reduces and the reduction can be ascribed to an event after the impairment was recognised, the previously recognised loss is reversed by adjusting the allowance. Once an impairment loss has been recognised on a financial asset, interest income is recognised on the carrying amount using the rate of interest at which estimated future cash flows were discounted on measuring impairment. The key assumptions for recoverability relate to estimates of the probability of any account going into default, cash flows from borrowers' accounts, their timing and expected proceeds from the sale of repossessed collateral.

Notes to the financial statements for the period from 13 September 2024 (date of incorporation) to 31 December 2025 *(continued)*

1. Accounting policies *(continued)*

Impairment of Loans *(continued)*

These key assumptions are based on observed data from historical patterns and are updated as new data becomes available from the Servicer.

Cash at Bank and in hand (restricted)

Cash at bank and in hand comprise cash balances recorded in the Statement of financial position. All withdrawals from the Company's bank accounts are governed by the detailed priority of payments set out in the underlying transaction documentation and as such are considered restricted.

Interest receivable and similar income and interest payable and similar charges

Interest income on financial assets that are classified as loans and receivables and interest expense on financial liabilities measured at amortised cost is determined using the effective interest rate method. The effective interest rate method is a method of calculating the amortised cost of a financial asset or financial liabilities and of allocating the interest income or interest expense over the expected life of the asset or liability. The effective interest rate is the rate that exactly discounts estimated future cash flows to the instrument's initial carrying amount. When calculating the effective interest rate, the Company estimates cashflows considering all contractual terms of the financial instrument but does not consider future credit losses.

Residual Certificates

The Company issued the Residual Certificates to the Seller as part of the consideration for the purchase of the Loans, in accordance with the Mortgage Purchase Agreement. The Residual Certificates were subsequently transferred to a third party, following which they were classified as other financial liabilities and are initially recognised at fair value at the date of issuance of the liability. The expected obligation on the Residual Certificates to pay deferred consideration is initially recognised at fair value and subsequently measured at amortised cost using the effective interest method.

The Residual Certificates are subsequently carried at amortised cost using the effective interest rate method. The amortised cost of the Residual Certificates is calculated using a discounted cash flow model whereby the expected cash outflows are discounted at the original effective interest rate. The assumptions used in this model were the constant default rate, constant pre-payment rate, the average interest rate and the expected life of the Loans. Any remeasurement gains or losses arising as a result of a change in future cash flows are recorded as effective interest rate adjustments in the Statement of Comprehensive Income.

The Residual Certificates represent the right to receive payments on a quarterly basis from the residual funds in the priority of payments to the extent funds are available after the redemption of the Class R Notes.

The payments on the Residual Certificates are impacted by the change in the spread, prepayments and extent of credit losses. Whilst these features of the Residual Certificates are considered to represent embedded derivatives, the economic characteristics and risks of features are closely related to the economic characteristics and risks of Loans. As such these embedded derivatives are not required to be separated and accounted for as a separate derivative.

Taxation

The directors are satisfied that the Company meets the definition of a 'securitisation company' as defined by both The Finance Act 2005 and the subsequent secondary legislation and that no incremental unfunded tax liabilities will arise. As a result, no deferred tax amounts are recognised.

Under the powers conferred by the Act, secondary legislation was enacted in 2006 which ensures that, subject to certain conditions being met and an election being made, for periods commencing on or after 1 January 2007, corporation tax for a 'securitisation company' will be calculated by reference to the profit of the securitisation company required to be retained in accordance with the relevant capital market arrangement.

1. Accounting policies *(continued)*

Critical accounting judgement and estimates

The preparation of the financial statements requires management to make judgments, estimates and assumptions that may affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The judgments and estimates involved in the Company's accounting policies that are considered by the directors to be the most important to the portrayal of the Company's financial condition and that have a significant effect on the amounts recognised in the financial statements, are discussed below:

Critical Judgement

Recognition of the Loans

On Closing Date, the Company acquired a portfolio of Loans from the Seller. There is a judgement involved in determining whether or not the transfer of the beneficial interest in the Loans from the Seller to the Company resulted in the Seller transferring substantially all the risks and rewards associated with the Loans to the Company. The judgement is considered a critical judgment as it impacts whether the transfer of the Loans qualified for derecognition from the perspective of the Seller, thereby enabling the Company to recognise the Loans as its own assets or whether the Company should instead derecognise the cash and other consideration paid and recognise a receivable from the Seller. The directors have concluded that, following the transfer of the Residual Certificates to a third party, the Seller qualified to derecognise the Loans and therefore that it is appropriate to recognise the Loans on the Company's Statement of financial position.

Critical estimate

Impairment losses on the Loans

The level of potential credit losses on the Loans is uncertain and could depend on a number of micro and macroeconomic factors that may affect repayment conditions and the value of the underlying collateral. The Company estimates the expected cash flows from borrowers after taking account of expected proceeds from realisable security less estimated forced sale discount. The Company assesses impairment provisions based on historical and incurred loss experience and will calculate and recognise impairment when there is objective evidence of an impairment event having occurred, for example a missed repayment, in line with the stated accounting policy on Impairment. The Loans are considered in default when the borrower has missed equivalent of more than three full payments.

The fair value of collateral using the original valuation on the completion of the Loans adjusted for indexation with the use of a haircut of 35% for a Forced Sale Discount. This adjusted collateral value is capped at the current balance of the Loans if it is higher. Management has performed sensitivity analysis of the key inputs and assumptions used in the impairment assessment. The results of such sensitivities are as follows:

Sensitivity	Impact on Impairment
5% increase in the indexed valuations	Decrease by £2,396,913
5% decrease in the indexed valuations	Increase by £3,501,843
5% increase in the FSD	Increase by £6,422,353
5% decrease in the FSD	Decrease by £3,519,298
Default definition changed to 1 month	Increase by £2,534,517

Notes to the financial statements for the period from 13 September 2024 (date of incorporation) to 31 December 2025 *(continued)*

2. Interest receivable and similar income

	Period ended 31 December 2025
	£
Interest income from Loans	70,573,341
Accretion of discount on Loans	13,375,983
Net interest rate swap income	2,492,149
Interest income on bank account	2,610,632
	89,052,105

3. Interest payable and similar expenses

	Period ended 31 December 2025
	£
Interest expense on Notes and VRR Loan Note	49,968,365
Remeasurement adjustments on Certificates	(3,860,774)
Accretion of discount on Notes	16,723,834
Amortisation of set-up costs	2,530,382
	65,361,807

4. Profit before taxation

	Period ended 31 December 2025
	£
This has been arrived at after charging:	
Auditors’ remuneration for statutory audit (excluding VAT)	82,500

No non-audit services were provided by PricewaterhouseCoopers LLP during the period.

The directors have agreed with the company's auditors that the auditor's liability to damages for breach of duty in relation to the audit of the company's financial statements for the year to 2025 should be limited to the greater of £5,000,000 or five times the auditor's fees, and that in any event the auditor's liability for damages should be limited to that part of any loss suffered by the company as is just and equitable having regard to the extent to which the auditor, the company and any third parties are responsible for the loss in question. The shareholders approve this limited liability agreement, as required by the Companies Act 2006, by a resolution dated 13 November 2025.

5. Directors and employees

The Company has no employees and services required are contracted from third parties. The directors received no remuneration from the Company in respect of qualifying services rendered during the current period. During the period, fees of £40,346 were paid of which £2,500 are prepayments to CSC Management Services (UK) Limited for the provision of corporate administration to the Company, which included the provision of the directors to the Company.

Notes to the financial statements for the period from 13 September 2024 (date of incorporation) to 31 December 2025 *(continued)*

6. Taxation on profit

	Period ended 31 December 2025 £
a) The Company tax charge in the period	
UK corporation tax charge on the profit for the period at an effective rate of 25%	1,250
	1,250
b) Factors affecting the company tax charge for the period	
Profit before taxation	6,297,067
Current tax credit at 25.00%	1,574,267
Effects of:	
Accounting profit not taxed in accordance with SI 2006/3296	(1,574,267)
Retained profit taxed in accordance with SI 2006/3296	1,250
Total tax charge	**1,250**

For UK corporation tax purposes, the Company has been considered as a Securitisation Company under the 'Taxation of Securitisation Companies Regulations 2006 (SI 2006/3296)'. Therefore, the Company is not required to pay corporation tax on its accounting profit or loss. Instead, the Company is required to pay tax on its retained profits as specified in the documentation governing the transaction. In accordance with the prospectus, the Company is expected to retain an amount of £1,250 per IPD.

As announced in the March 2023 Budget, the UK's corporation tax was increased to 25% from 1 April 2023 for taxable profits of £250,000 and over. The small profits rate of 19% is chargeable if a company's taxable profits fall below £50,000 per annum (with marginal relief available where the profits are between these amounts). The small profits rate and marginal relief is not available for Close Investment Holding Companies (CIHC). In the interest of prudence, the Company (defined as a securitisation company) closely resembles a CIHC and will therefore be subject to the main 25% rate of corporation tax.

7. Loans

The Loans are secured by first charges over residential properties in England, Wales and Scotland.

The day 1 fair value of consideration payable for the Loans was made up of cash consideration of £1,041,036,635 and deferred consideration of £12,382,515. The Loans were purchased from Seller on the Closing Date. The Loans were initially recognised at fair value which was the purchase price paid on the Closing Date (£1,041,036,635) and an estimation of the deferred consideration which will be paid over the life of the transaction in the form of payments to the Residual Certificates holders (£12,382,515). This resulted in a net discount to the aggregate principal value of the Loans acquired of £21,977,483.

Notes to the financial statements for the period from 13 September 2024 (date of incorporation) to 31 December 2025 *(continued)*

7. Loans *(continued)*

	31 December 2025
	£
Loans - Principal Acquired	1,087,779,147
Discount on acquisition	(34,359,998)
Day one book value of the Loans acquired	1,053,419,149
Redemption of the Loans	(300,528,125)
Capitalised interest	16,766,101
Accretion of discount on Loans	13,375,983
Principal write-offs for the period	(1,397,886)
	(271,783,927)
Opening Impairment	–
Charge for the period	(7,574,770)
Closing Impairment	**(7,574,770)**
Closing book value as at 31 December 2025	774,060,452
The maturity profile of the Loan was as follows:	
In one year or less	159,283,088
In more than one year	614,777,364
	774,060,452

8. Debtors

	31 December 2025
	£
Other debtors	12,500
Prepayments and accrued income	105,660
	118,160

Notes to the financial statements for the period from 13 September 2024 (date of incorporation) to 31 December 2025 *(continued)*

9. Creditors

	31 December 2025
	£
Amounts falling due within one year	
Notes	168,599,839
VRR Loan Note	8,951,092
Certificates	2,492,562
	180,043,493
Other Creditors:	
Accrued interest payable on Notes	4,742,040
Accrued expenses	82,500
Other creditors	180,310
Tax provision	1,250
	5,006,100
Total of creditors falling due within one year	**185,049,593**
Amounts falling due after one year:	
Notes	597,252,135
VRR Loan Note	31,961,725
Certificates	6,029,179
Derivatives	376,842
	635,619,881

The optional redemption date for the Notes is August 2027 and the contractual final maturity date for the Notes is in May 2066. Notes are based on Compounded Daily SONIA and are secured over the Loans.

Notes to the financial statements for the period from 13 September 2024 (date of incorporation) to 31 December 2025 *(continued)*

9. Creditors *(continued)*

As at 31 December 2025	ISIN	Interest rates	Carrying Value at Day 1	Principal Repayments	Accretion of Discount	Closing Carrying Value
Notes			**£**	**£**	**£**	**£**
Class A	XS2959423984	SONIA + 1.0%	755,408,000	(242,979,920)	—	512,428,080
Class B	XS2959428355	SONIA + 1.50%	59,420,000	—	—	59,420,000
Class C	XS2959458006	SONIA + 2.0%	62,003,000	—	—	62,003,000
Class D	XS2959459582	SONIA + 3.0%	32,035,000	—	—	32,035,000
Class E	XS2959460085	SONIA + 4.0%	20,668,000	—	—	20,668,000
Class F	XS2959460598	SONIA + 5.50%	11,367,000	—	—	11,367,000
Class Z	XS2959462024	NA	56,873,766	—	13,865,022	70,738,788
Class R	XS2959460911	NA	9,277,883	(10,377,975)	2,261,817	1,161,725
Class VRR Loan Note	NA	NA	53,650,448	(13,334,626)	596,995	40,912,817
			1,060,703,097	**(266,692,521)**	**16,723,834**	**810,734,410**

The carrying value presented in the table above excludes issue costs of £3.9m as at 31 December 2025.

As at 31 December 2025	ISIN	Interest rates	Carrying Value at Day 1	Payments	EIR Adjustment	Closing Carrying Value
			£	**£**	**£**	**£**
Certificates						
Residual Certificates	XS2959463261	N/A	12,382,515	—	(3,860,774)	8,521,741
			12,382,515	**—**	**(3,860,774)**	**8,521,741**

10. Derivatives

	31 December 2025
	£
Day one value of Derivatives	3,783,113
Movement of fair value	(4,159,955)
	(376,842)

Notes to the financial statements for the period from 13 September 2024 (date of incorporation) to 31 December 2025 *(continued)*

11. Called up share capital

	31 December 2025
	£
Called up, allotted and issued	
Ordinary shares of £1 each: 49,999	12,500
1 ordinary share of £1 - fully paid	1
	12,501

The Company is not subject to any externally proposed capital requirements except for the minimum requirement under the Companies Act 2006. The Company has not breached the minimum requirement.

12. Profit and loss account

	31 December 2025
	£
Opening balance	—
Profit for the financial period	6,295,817
Closing balance	**6,295,817**

13. Financial instruments

The narrative disclosure required by Financial Reporting Standard 102 in relation to the nature of the financial instruments used during the period to mitigate credit, interest rate and liquidity exposure is shown in the Strategic report under the heading 'Financial instruments'. It is, and has been throughout the period under review, the Company's policy that no trading in financial instruments shall be undertaken. The Company's exposure to risk on its financial instruments and the management of such risk is largely determined from inception of the securitisation transaction. The Company's activities and the role of each party to the transaction is clearly defined and documented.

Following initial set-up, the directors monitor the Company's performance, reviewing quarterly reports on the performance of the Loans. Such review is designed to ensure that the terms of the documentation have been met, that no unforeseen risks have arisen and that the noteholders have been paid on a timely basis.

Credit risk

The ability of the Company to meet its obligations to make principal and interest payments on the Notes and to meet its operating and administrative expenses is dependent on the extent that it has such amounts available to it. Credit risk exists on the Loans.

Credit risk reflects the risk that the underlying borrowers or other transaction parties will not meet their obligations as they fall due. The Company's principal business objectives rest on the purchase of mortgage loan portfolios. Although the underlying Loans are secured by first charges over the residential properties in England, Wales, Northern Ireland and Scotland, the Company considered the evaluation of a borrowers' ability to service a loan according to its terms to be the principal factor in assessing the credit risk. The maximum exposure to credit risk arising on the Company's financial assets at the reporting date is disclosed in the table below.

Notes to the financial statements for the period from 13 September 2024 (date of incorporation) to 31 December 2025 *(continued)*

13. Financial instruments *(continued)*

Credit risk *(continued)*

	Carrying value	Maximum exposure
	2025	**2025**
	£	**£**
Assets:		
Loans	774,060,452	774,060,452
Cash at bank and in hand	52,799,180	52,799,180
Other debtors	118,160	118,160
	826,977,792	**826,977,792**

The credit quality and fair value of collateral for the Loans (excluding accreted discount) are summarised as follows:

31 December 2025	Aggregate principal of Loans	Impairment	Fair value of collateral (capped)
	£	**£**	**£**
Loans			
Current	385,339,486	(126,801)	385,212,685
From 1 to 3 months	204,856,881	(1,679,225)	203,177,656
From 4 to 5 months	58,395,956	(1,293,939)	57,102,017
From 6+ months	154,026,913	(4,474,805)	149,552,108
	802,619,236	**(7,574,770)**	**795,044,466**

The Loans are secured by first charges over residential properties in England, Wales and Scotland.

The fair value of collateral above is based on an estimate by indexing the valuation performed at the time of borrowing using the Halifax Index. The estimate of fair value is based on indexing the valuation performed at the time of borrowing using the Halifax Index and capped at the amount of the underlying loans if the indexed valuation is greater.

Range of LTV Ratios as at 31 December 2025	Aggregate principal of Loans	% of Total	Number of Accounts	% of Total
<60%	598,686,809	74.60%	6129	83.34%
>=60% to < 70%	124,413,060	15.50%	810	11.01%
>=70% to < 80%	58,600,794	7.30%	313	4.26%
>=80% to < 90%	19,390,552	2.42%	92	1.25%
>=90% to < 100%	546,080	0.06%	3	0.04%
>=100%	981,941	0.12%	7	0.10%
Total	**802,619,236**	**100%**	**7,354**	**100%**

Notes to the financial statements for the period from 13 September 2024 (date of incorporation) to 31 December 2025 *(continued)*

13. Financial instruments *(continued)*

Interest rate risk
Interest rate risk exists where interest rates on assets and liabilities are either set according to different basis or reset at different times. The net interest margin is dependant on the movements of interest rates and can create mismatches in cash flows (non-current assets or liabilities) or repricing dates (floating assets or liabilities). The Company is subject to the risk of a mismatch between the rate of interest (including margin) receivable in respect of the Loans and the rate of interest (including margin) payable in respect of the Notes. The Company's liabilities under the floating rate Notes are based on the compounded daily SONIA rate for the relevant period.

As a result, the Company uses derivative financial instruments to mitigate residual interest rate risk. At the period end the Company was party to interest rate swap to hedge against interest rate risk arising from the resetting of interest rates of assets and liabilities on different bases.

Interest on the floating rate liabilities is determined and payable quarterly in arrears at the following rates above the Compounded Daily SONIA:

	ISIN	31 December 2025	Interest rate
		£	
Class A Notes	XS2959427548	512,428,080	SONIA + 1.0%
Class B Notes	XS2959457453	59,420,000	SONIA + 1.50%
Class C Notes	XS2959459079	62,003,000	SONIA + 2.0%
Class D Notes	XS2959459749	32,035,000	SONIA + 3.0%
Class E Notes	XS2959460242	20,668,000	SONIA + 4.0%
Class F Notes	XS2959460671	11,367,000	SONIA + 5.50%
Class Z Notes	XS2959462297	92,490,000	NA
Class R Notes	XS2959461562	4,710,025	NA
Class VRR Loan Note	NA	41,849,374	NA
Total outstanding principle of the Notes and VRR Loan Note		**836,970,479**	

The Notes and VRR Loan Note are limited recourse obligations dependent on receipt of principal and interest from the borrowers on each IPD. The Class A Notes always rank ahead of other classes of Notes.

Currency profile
All of the Company's financial assets and liabilities are denominated in sterling.

Liquidity risk
Liquidity risk is the risk that the Company is not able to meet its financial obligations as they fall due or can do so only at an unacceptably high cost. The Company's ability to meet payments as they fall due is dependent on timely receipt of funds which may be delayed due to slow repayment on the Loans.

The Liquidity Reserve Fund was established on the Closing Date from the proceeds of the Class R Notes and the amount required, from time to time, to be standing to the credit of the Liquidity Reserve Fund Ledger shall be an amount equal to the Liquidity Reserve Fund Required Amount (as defined in the transaction documents). Available Revenue Receipts are available (in accordance with the Pre-Enforcement Revenue Priority of Payments) to fund and replenish the Liquidity Reserve Fund in accordance with the requirements described in the transaction documents. The Liquidity Reserve Fund is available to be applied as Available Revenue Receipts in accordance with the Pre-Enforcement Revenue Priority of Payments to cover any shortfalls on the senior expenses, Class A Note (or the equivalent part of the VRR Loan Note) interest payments. If, on any IPD, the Company has insufficient funds to make payment in full of all amounts of interest in relation to any other Class of Note, then the Company is entitled to defer payment of that amount

Notes to the financial statements for the period from 13 September 2024 (date of incorporation) to 31 December 2025 *(continued)*

13. Financial instruments *(continued)*

Liquidity risk *(continue)*
until the following IPD. The Company shall not be entitled to defer amounts of interest payable in respect of the Class A Notes. The transaction documents also include a Credit Reserve Fund mechanism; however, the criteria in which this reserve is required to be funded have not currently been met.

The Notes are subject to mandatory redemption in part on each interest payment date in an amount equal to the principal received or recovered in respect of the Loans. If not otherwise redeemed or purchased and cancelled, the Notes will be redeemed at their principal amounts outstanding on the interest payment date falling in May 2066. However, due to the limited recourse obligations of the Company in respect of the Notes, the Company is only obliged to make repayments of interest on the Notes to the extent that repayments are received from the Loans.

The table below reflects the undiscounted contractual cash flows of financial liabilities at the balance sheet:

As at 31 December 2025	**Carrying value**	**Gross cash flows**	**After 1 month but within 3 months**	**After 3 months but within 1 year**	**After 1 year but within 5 years**	**After 5 years**
	£	**£**	**£**	**£**	**£**	**£**
Notes and VRR Loan Note	810,734,410	836,970,479	49,968,606	130,025,683	656,976,190	–
Interest payable on Notes and VRR Loan Note	4,742,040	59,257,888	9,653,963	26,762,477	21,852,002	–
Residual Certificates	8,521,741	10,968,483	–	2,492,562	8,475,922	–
Total as at 31 December 2025	**823,998,191**	**907,196,850**	**59,622,569**	**159,280,722**	**687,304,114**	**–**

The Notes and VRR Loan Note have no contractual amortisation profile and instead, principal repayments on the Loans are used to redeem the Notes and VRR Loan Note. If not otherwise repaid the Notes and VRR Loan Note will follow the repayment profile of the Loans and will therefore be repaid on the final interest payment date falling in May 2066. Interest payable on the Class A, B, C, D, E and F floating rate Notes has been based on current SONIA rates. The timing of the undiscounted cash flows set out in the table above is dependent on the uncertain timing of cash receipts from the securitised assets and thus the table sets out an estimate derived from observable market data. As a consequence, the Directors have concluded that it was most appropriate to base the maturity profile for the Notes and VRR Loan Note on the contractual cashflows that will arise if the underlying mortgage assets pay their expected cash flows, but assuming that the Notes and VRR Loan Note are repaid on the optional redemption date.

14. Reconciliation of profit for the financial period to net cash outflow from operating activities

	Period ended 31 December 2025
	£
Profit before taxation	6,297,067
Interest income from Loans	(70,573,341)
Net interest rate swap income	(2,492,149)
Interest income on bank account	(2,610,632)
Interest payable on Notes	49,968,365
Accretion of discount on Loans	(13,375,983)
Accretion of discount on Notes	16,723,834

Notes to the financial statements for the period from 13 September 2024 (date of incorporation) to 31 December 2025 *(continued)*

14. Reconciliation of profit for the financial period to net cash outflow from operating activities *(continued)*

Impairment charge	7,574,770
Principal write-offs	1,397,886
Movement in fair value of the interest rate swap	4,159,955
Remeasurement adjustments on Certificates	(3,860,774)
Increase in debtors	(105,660)
Increase in creditors	82,500
Amortisation of issue cost	2,530,382
Net cash outflow from operating activities	**(4,283,780)**

At the period end the Company cash at bank held with Bank of Scotland (AA- Rated by fitch rating agency) £52,799,180 of which £11,897,504 related to the Liquidity Reserve Fund.

15. Analysis of changes in Net debt

	At 31 September 2024	Issuance	Cash flow	Other non-cash changes	At 31 December 2025
	£	£	£	£	£
Cash and cash equivalents					
Cash at bank and in hand (restricted)	–	–	52,799,180	–	52,799,180
Borrowings					
Notes and VRR Loan Note	–	(1,060,703,097)	266,692,521	(16,723,834)	(810,734,410)
Issue costs	–	6,500,000	–	(2,530,382)	3,969,618
Total	**–**	**(1,054,203,097)**	**319,491,701**	**(19,254,216)**	**(753,965,612)**

16. Parent undertaking and ultimate controlling party

The Company's immediate parent company is Valley Funding Holdings Limited, a company incorporated in the United Kingdom and registered in England and Wales. The entire share capital of Valley Funding Holdings Limited is held on a discretionary trust basis under a share trust deed by the legal parent company, CSC Corporate Services (UK) Limited, a company incorporated in the United Kingdom and registered in England and Wales for the benefit of certain charities. CSC Corporate Services (UK) Limited is a wholly owned subsidiary of CSC Capital Markets UK Limited. However, whilst Valley Funding Holdings Limited is the legal owner of the Company, it is not entitled to any economic benefit and does not have any decision-making power. As such, it is not considered to be the Company's controlling party. It is the view of the directors that the Company does not have a ultimate controlling party.

17. Related party transactions

The Company has no employees and services required are contracted from third parties. The directors received no remuneration from the Company in respect of qualifying services rendered during the current period. During the period, fees of £40,346 were paid of which £2,500 are prepayments to CSC Management Services (UK) Limited for the provision of corporate administration to the Company, which included the provision of the directors to the Company.

18. Post balance sheet events

There have been no significant events affecting the Company since the end of the reporting period.