

DATED 26 JULY 2001

BRITANNIC MONEY PLC (1)

- and -

FIRST FLEXIBLE NO. 4 PLC (2)

- and -

THE CHASE MANHATTAN BANK (3)

- and -

BARCLAYS BANK PLC (4)

- and -

THE ROYAL BANK OF SCOTLAND PLC (5)

BANK AGREEMENT

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THIS AGREEMENT is made on 26 July 2001

BETWEEN:

- (1) **Britannic Money plc** (registered number 2048895) whose registered office is at Sir William Atkins House, Ashley Avenue, Epsom, Surrey KT18 5AS ("**Britannic Money**");
- (2) **First Flexible No. 4 plc** (registered number 4176542) whose registered office is at Sir William Atkins House, Ashley Avenue, Epsom, Surrey KT18 5AS (the "**Issuer**");
- (3) **The Chase Manhattan Bank** whose principal office is at Trinity Tower, 9 Thomas More Street, London E1W 1YT (the "**Trustee**");
- (4) **Barclays Bank PLC** (registered number 1026167) acting through its branch at 54 Lombard Street, London EC3V 9EX (the "**Bank**"); and
- (5) **The Royal Bank of Scotland plc** (registered number 90312) whose registered office is at 36 St. Andrew Square, Edinburgh EH2 2YB ("**RBS**").

WHEREAS:

- (A) The Issuer has agreed to acquire the Mortgages from Arianty No. 1 plc, such acquisition to be financed by the issue of the Notes.
- (B) Payments due to the Issuer in respect of the Mortgages are to be paid into the Trust Accounts and transferred from the Trust Accounts to the Transaction Account.
- (C) The Trust Accounts are in the name of Britannic Money which holds the funds on those accounts on trust pursuant to the Declaration of Trust.
- (D) The parties to this Agreement have agreed to operate the Trust Accounts, the Transaction Account and the Reserve Account on the terms and subject to the conditions contained in this Agreement, the Servicing Agreement and the Declaration of Trust.
- (E) The Issuer proposes to charge to the Trustee, inter alia, its interest in the Trust Accounts, the Transaction Account and the Reserve Account as security for its obligations to the holders of the Notes.
- (F) This Agreement is supplemental to the Declaration of Trust.
- (G) In relation to the RBS Trust Accounts, such accounts are subject to the terms of the RBS Contract and this Agreement is supplemental to the RBS Contract.

IT IS AGREED:

1. DEFINITIONS AND INTERPRETATION

The Master Definitions Schedule signed by inter alia the Issuer, the Servicer and the Trustee (as amended, varied or supplemented from time to time) is incorporated into this document and the expressions defined in the Master Definitions Schedule (as amended, varied or supplemented from time to time) bear the same meanings in this Agreement

except where the context requires otherwise and except where otherwise defined in this Agreement.

2. OPERATION OF THE BANK ACCOUNTS HELD AT THE BANK

- 2.1 The Servicer agrees with the Issuer and the Trustee that it shall submit to BACS at least two Business Days before each Mortgage Payment Day (or at such other time as shall accord with the then standard banking practices) a computer input containing instructions specifying the amounts to be received by the Bank from Borrowers under the Direct Debiting Scheme (the "BACS Amounts") or otherwise and to be credited by the Bank to a Trust Account as directed by the Servicer on such Mortgage Payment Day and the Bank agrees with the Servicer, the Issuer and the Trustee that, to the extent that such amount is received from Borrowers by the Bank (via BACS), it shall credit that Trust Account with an amount equal to the BACS Amounts.
- 2.2 The Servicer agrees with the Issuer and the Trustee that the computer input referred to in clause 2.1 will either contain instructions specifying the amounts to be transferred from the Trust Account to the Transaction Account or the Servicer will provide such instructions separately to the Bank on the day such amount is paid into the Trust Account and the Bank agrees with the Servicer, the Issuer and the Trustee to transfer the amount as instructed from the Trust Account to the Transaction Account as soon as practicable and, provided that such instructions are received by 4 pm on a Business Day, by the close of business that day.
- 2.3 The Bank also agrees with the consent of Britannic Money (which consent is hereby granted) to credit or transfer to the Transaction Account as directed by the Servicer:
- (a) any amounts received by the Bank to be credited to such account; and
 - (b) any amounts representing the Issuer's Share on a Trust Account
- and the Servicer agrees to give such directions so that such credits or transfers are made on the Business Day following identification of such amount by the Servicer.
- 2.4 The Bank agrees, with the consent of the Issuer (which consent is hereby granted), to transfer amounts from the Transaction Account to the Reserve Account as directed by the Servicer from time to time.
- 2.5 An amount equal to the amount standing to the credit of the Transaction Account shall bear interest at the Bank's business premium rate (or any rate which the Bank shall publish in substitution therefor) from time to time prevailing. The amount of such interest shall be credited to the Transaction Account in accordance with the Bank's usual procedures. The Bank will notify the Servicer of the amount of interest credited to the Transaction Account and the period to which it relates and of the new balance on the Transaction Account in accordance with the Bank's usual procedures.
- 2.6 Until otherwise directed by the Servicer, Britannic Money, the Issuer or the Trustee, the Bank shall make available to the Servicer, Britannic Money and the Issuer each day by direct electronic link ledger balances showing all debits and credits made to each account since the previous Business Day and will provide the Servicer, Britannic Money, the Issuer and the Trustee with a statement for the Bank Accounts held at the Bank specified in a request made to the Bank as soon as reasonably practicable after receipt of such a request.
- 2.7 The Issuer, Britannic Money and the Trustee authorise the Servicer to give instructions to the Bank in respect of the Bank Accounts held at the Bank and authorise the Bank to act upon such instructions.

3. OPERATION OF THE RBS TRUST ACCOUNTS

- 3.1 Britannic Money agrees with the Servicer to provide the information relating to the RBS Trust Accounts received from RBS under clause 7 of the RBS Contract as soon as possible on the same day as such information is received.
- 3.2 RBS agrees with the consent of Britannic Money to credit or transfer to the Transaction Account as directed by Britannic Money on behalf of the Servicer any amounts representing the Issuer's Share on the RBS Trust Accounts and Britannic Money on behalf of the Servicer agrees to give such directions so that such credits or transfers are made on the Business Day following identification of such amount by Britannic Money on behalf of the Servicer.
- 3.3 Any amount standing to the credit of the RBS Trust Accounts shall bear interest in accordance with the RBS Contract and the amount of interest so earned in respect of amounts owned by the Issuer shall be notified by Britannic Money to the Servicer. Such interest shall be transferred by RBS to the Transaction Account as directed by Britannic Money on behalf of the Servicer.
- 3.4 The Issuer and the Trustee hereby authorise Britannic Money on behalf of the Servicer to give instructions to RBS in the manner set out in the RBS Contract in respect of the RBS Trust Accounts and authorise RBS to act upon such instructions. If Britannic Money shall fail to meet its obligations under this clause 3, the Issuer and the Trustee authorise the Servicer to give instructions directly to RBS in respect of the RBS Trust Accounts and authorise RBS to act upon such instructions.

4. ACKNOWLEDGEMENT BY THE BANK, RBS AND THE ISSUER

- 4.1 The Issuer confirms that it has given the Mandates to the Bank and, in relation to the RBS Trust Accounts, to RBS. The Bank and RBS confirm to the Trustee that each has received its respective Mandates and that the Mandates are operative and (subject to clauses 2.7 and 3.4) may not be amended except in accordance with the Mandates.
- 4.2 The Servicer agrees to give to the Bank, and Britannic Money on behalf of the Servicer agrees to give to RBS, all directions necessary for the Bank and RBS to operate the Bank Accounts in accordance with the terms of this Agreement and the Bank and RBS agree to comply with the Mandates and all such directions.
- 4.3 Notwithstanding anything to the contrary in the Mandates the Bank and RBS, each in respect of itself only, hereby:
- (a) waives any right it has or may hereafter acquire to combine, consolidate or merge (i) any of the Bank Accounts with any other account of Britannic Money, the Servicer, the Issuer or the Trustee (as the case may be) or (ii) any liabilities of Britannic Money, the Servicer, the Issuer or the Trustee, or any other person to it and agrees that it may not (without prejudice, however to clause 4.4) set off, transfer, combine or withhold payment of any sum standing to the credit of any of the Bank Accounts in or towards or conditionally upon satisfaction of any liabilities to it of Britannic Money, the Servicer, the Issuer or the Trustee and in the event that it breaches the foregoing, then it shall immediately re-credit the relevant Bank Account with the amount required to restore the balance on such account to that which it would have been if no such breach had occurred and the other parties hereto agree that such re-credit shall discharge its liabilities for such breach in full;

(b) agrees upon receipt of a notice from the Trustee to the effect that the Servicing Agreement has been terminated or to the effect that the Servicer is no longer authorised to operate the Bank Accounts, to comply with any direction of the Issuer or any substitute Servicer (subject, in the case of any substitute Servicer to such substitute Servicer having entered into an agreement substantially on the terms of this Agreement) in respect of the operation of the Bank Accounts and shall be entitled to rely on any such notice purporting to have been given on behalf of the Trustee without enquiry.

4.4 If at any time the Bank shall receive notice under the Direct Debiting Scheme that any amount comprising part of the BACS amounts has not been received by it, the Bank shall be entitled to debit an account nominated in writing by the Servicer on or before the Issue Date, but if there are insufficient funds on such account, the Issuer shall pay the amount of such insufficiency to the Bank.

4.5 Each of the Bank and RBS declare and each of the other parties to this Agreement agree that the liabilities and obligations of the Bank and RBS respectively, under this Agreement, are several and not joint.

5. CERTIFICATION, INDEMNITY AND ENFORCEMENT NOTICE

5.1 The Bank and RBS shall be entitled to comply with or rely upon any certificate, consent, notice, direction or other communication which is or appears to be given by the Trustee, the Issuer, the Servicer or, in the case of RBS, by Britannic Money on behalf of the Servicer, pursuant to and in accordance with this Agreement. If the terms of any such certificate, consent, notice, direction or communication conflict with the terms of this Agreement or the Mandates, the terms of such certificate, consent, notice, direction or communication shall prevail.

5.2 The Issuer shall indemnify and keep the Bank and RBS indemnified against any loss, cost, damage, charge or expense, action, proceeding, claim or demand, suffered or incurred by or made or brought against the Bank or RBS, as applicable, in complying with or relying upon any such certificate, consent, notice, direction or other communication given by the Issuer save that this indemnity shall not extend to any loss, cost, damage, charge or expense, action, proceeding, claim or demand to the extent that the same arises from any breach by the Bank or RBS, as applicable, of its obligations under this Agreement or the Mandates or from the wilful default or negligence of the Bank or RBS, as applicable.

5.3 The Servicer shall indemnify the Bank against any loss, cost, damage, charge or expense, action, proceeding, claim or demand, suffered or incurred by or made or brought against the Bank in complying with any direction of the Servicer, Britannic Money or the Trustee delivered pursuant to and in accordance with this Agreement, save that this indemnity shall not extend to any loss, cost, damage, charge or expense, action, proceeding, claim or demand to the extent that the same arises from any breach by the Bank of its obligations under this Agreement or the Mandates or from the wilful default or negligence of the Bank.

5.4 The Servicer and Britannic Money shall indemnify RBS against any loss, cost, damage, charge or expense, action, proceeding, claim or demand, suffered or incurred by or made or brought against RBS in complying with any direction of Britannic Money, the Issuer, the Servicer or the Trustee delivered pursuant to and in accordance with this Agreement, save that this indemnity shall not extend to any loss, cost, damage, charge or expense, action, proceeding, claim or demand to the extent that the same arises from any breach by RBS of its obligations under this Agreement or the Mandates or from the wilful default or negligence of RBS.

- 5.5 For the purpose of this Clause 5, it is hereby agreed that a breach by one of the Bank or RBS of its obligations under this Agreement or the Mandates arising from its wilful default or negligence will not prevent the other party from relying on and claiming and receiving any indemnity under this Clause 5.
- 5.6 Notwithstanding anything to the contrary in the Mandates, each of the Bank and RBS:
- (a) hereby acknowledges that, pursuant to the Deed of Charge, the Issuer has assigned by way of security its interest in the Bank Accounts to the Trustee;
 - (b) undertakes upon receipt by it of an Enforcement Notice from the Trustee:
 - (i) to comply with the directions of the Trustee expressed to be given by the Trustee pursuant to the Deed of Charge in respect of the operation of the Bank Accounts and it shall be entitled to rely on any such direction purporting to have been given on behalf of the Trustee without enquiry; and
 - (ii) that all right, authority and power of the Issuer in respect of the operation of the Bank Accounts shall be deemed terminated and of no further effect and it agrees that it shall, upon receipt of an Enforcement Notice from the Trustee comply with the directions of the Trustee or any other receiver appointed under the Deed of Charge in relation to the operation of the Bank Accounts unless otherwise required by operation of law or by the order or direction of a competent court or tribunal.

6. CHANGE OF BANK OR SERVICER AND REPRESENTATIONS BY THE BANK AND RBS

- 6.1 The Bank or RBS, as the case may be, shall give not less than four weeks' written notice to the Issuer, the Trustee, Britannic Money and the Servicer of its intention to terminate the banking arrangements granted to the Issuer and/or the Servicer under this Agreement on the date specified in such notice. In the event of any such termination the Bank or RBS, as the case may be, shall assist the other parties hereto to effect an orderly transition of the Issuer's and/or Britannic Money's banking arrangements except that such termination shall not take effect until the transition of the Issuer's and/or Britannic Money's banking arrangements has been completed.
- 6.2 If, for any reason, the Servicer's appointment as such is terminated and a substitute Servicer is appointed, the then current Servicer shall use its best endeavours to ensure that such substitute Servicer and the other parties to this Agreement execute an agreement in substantially the same terms as this Agreement.
- 6.3 Each of the Bank and RBS hereby represents that it is a bank within the meaning of s 840A Income and Corporation Taxes Act 1988, is entering into this Agreement in the ordinary course of such business, will pay interest pursuant hereto in the ordinary course of such business and will bring into account payments (other than deposits) made under this Agreement in computing its income for United Kingdom tax purposes.
- 6.4 The Bank represents that its short-term unsecured, unsubordinated and unguaranteed debt is rated at least F-1+ by Fitch and A-1+ by S&P at the date of this Agreement. If the short-term unsecured, unsubordinated and unguaranteed debt of the Bank falls below F-1+ by Fitch or A-1+ by S&P then (unless the applicable Rating Agency confirms in writing that such event would not cause it to downgrade the then current rating of the Notes) the Servicer will as soon as it is able and in any event not later than 30 days after the downgrade of the Bank transfer the Bank Accounts held at the Bank to a bank whose unsubordinated and unsecured short term debt is so rated.

- 6.5 If the rating of the short-term unsecured, unsubordinated and unguaranteed debt of RBS falls below F-1+ by Fitch or A-1+ by S&P or in the event of the insolvency of RBS, the Servicer (on behalf of the Issuer) and Britannic Money shall consult with the Rating Agencies to agree the action to be taken in relation to the RBS Trust Accounts.

7. FURTHER ASSURANCE

The parties hereto agree that they will cooperate fully to do all such further acts and things and execute any further documents as may be necessary or reasonably desirable to give full effect to the arrangements contemplated by this Agreement.

8. ENFORCEMENT, SUBORDINATION AND NO PETITION

- 8.1 Each of the Bank and RBS agrees that its rights against the Issuer under this Agreement are limited to the extent that it will not take any action or proceedings against the Issuer to recover any amounts payable by the Issuer to it under this Agreement except to the extent permitted by the provisions of the Deed of Charge, the Priority of Payments and the Servicing Agreement unless and until all sums thereby required to be paid or provided for in priority thereto have been paid or will be discharged in full.
- 8.2 Each of the Bank and RBS hereby agrees with the Issuer that it shall not, until two years following the payment of all sums outstanding and owing by the Issuer under the Notes, take any corporate action or other steps or legal proceedings for the winding-up, dissolution or re-organisation or for the appointment of a receiver, administrator, administrative receiver, trustee, liquidator, sequestrator or similar officer of the Issuer or of any or all of the Issuer's revenues and assets for the purpose of recovering any amounts payable under this Agreement.
- 8.3 No recourse under any obligation, covenant, or agreement of the Issuer contained in this Agreement shall be had against any shareholder, officer or director (save in respect of any director's fraudulent acts or defaults) of the Issuer as such, by the enforcement of any assessment or by any legal or equitable proceeding, by virtue of any statute or otherwise; it being expressly agreed and understood that this Agreement is a corporate obligation of the Issuer and no personal liability shall attach to or be incurred by the shareholders, officers, agents or directors (save in respect of any director's fraudulent acts or defaults) of the Issuer as such, or any of them, under or by reason of any of the obligations, covenants or agreements of the Issuer contained in this Agreement, or implied therefrom, and that any and all personal liability for breaches by the Issuer of any of such obligations, covenants or agreements, either at common law or at equity, or by statute or constitution, of every such shareholder, officer, agent or director (save in respect of any director's fraudulent acts or defaults) is hereby expressly waived by each of the Bank and RBS as a condition of and in (partial) consideration for the execution of this Agreement.
- 8.4 Without prejudice to the other provisions of this clause 8 and clause 14.1 each of the Bank and RBS hereby covenants with the Trustee that if, whether in the liquidation of the Issuer or otherwise any payment is received by it under this Agreement other than in accordance with the Deed of Charge, Priority of Payments or the Servicing Agreement the amount so paid shall be received and held by the Bank or RBS as the case may be upon trust for the Trustee and shall be paid over to the Trustee forthwith upon receipt provided however that this clause 8.4 shall have effect only to the extent that it does not constitute or create and is not deemed to constitute or create any mortgage, charge or other Security Interest of any kind.

9. **CONFIDENTIALITY**

None of the parties hereto shall during the continuance of this Agreement or after its termination disclose to any person whatsoever (except as provided herein or with the authority of the other parties hereto or so far as may be necessary for the proper performance of its obligations hereunder or unless required by law or any regulatory body or any applicable stock exchange requirement or ordered to do so by a court of competent jurisdiction or by the Inland Revenue or the Commissioners of Customs and Excise) any information relating to the business, finances or other matters of a confidential nature of any other party of which it may in the course of its duties hereunder or otherwise have become possessed and all the parties hereto shall use all reasonable endeavours to prevent any such disclosure provided that the Bank and RBS shall not be prohibited from disclosing such information concerning the Issuer to the Servicer and the Rating Agencies and concerning Britannic Money to the Issuer, the Servicer, the Trustee and the Rating Agencies.

10. **COSTS**

The Servicer agrees to pay the reasonable administrative costs of the Bank and RBS in providing banking services to the Issuer under this Agreement and the reasonable costs (including reasonable legal costs and expenses) of the Bank and RBS in connection with the negotiation of this Agreement and the negotiation and execution of any further documents and the taking of any further action pursuant to clause 6 or clause 7 of this Agreement, provided that any such further action is required by the Trustee pursuant to the Deed of Charge, or has been instigated by the Servicer or the Issuer.

11. **NOTICES**

Each communication to be made under this Agreement shall be made in writing but, unless otherwise stated, may be made by facsimile or letter. Any communication or document to be made or delivered by one person to another under this Agreement shall (unless that other person has by fifteen days' written notice to the first person specified another address) be made or delivered to that other person at the address identified with its signature in the Master Definitions Schedule or, in the case of the Bank, to City Markets Team, London Corporate Banking, 1st Floor, 54 Lombard Street, London EC3V 9EX (for the attention of Brian Cook) and in the case of RBS, to Corporate Banking, 2nd Floor, 79-83 Colmore Row, Birmingham B3 2AP (for the attention of Andrew Taylor) and shall be deemed to have been made or delivered when despatched (in the case of any communication made by facsimile) or (in the case of any communication made by letter) when left at that address or (as the case may be) ten days after being deposited in the post postage prepaid in an envelope addressed to it at that address Provided always that any communication or document deemed made or delivered on a day which is not a Business Day shall be deemed to have been so made or delivered on the next following Business Day.

12. **VARIATION**

- 12.1 No variation of this Agreement shall be effective unless it is in writing and signed by (or by some person duly authorised by) each of the parties.
- 12.2 The Servicer, Britannic Money the Issuer and the Trustee will not agree any variation to any of the definitions used in this Agreement and defined in the Master Definitions Schedule which has a material effect on the rights or obligations of the Bank or RBS under this Agreement without the prior written consent of the Bank or RBS, as applicable.

13. TERMINATION

13.1 This Agreement shall terminate automatically: (i) between the Bank and each other party hereto in the event that the Trust Accounts held at the Bank are transferred to another bank; and (ii) between RBS and each other party hereto in the event that the RBS Trust Accounts are moved to another bank.

13.2 On any date following the complete exhaustion of the assets of the Issuer this Agreement may be terminated: (i) by the Trustee by notice in writing to the Bank and RBS; or (ii) by the Bank or RBS by notice in writing to the Trustee.

14. ASSIGNMENT

14.1 Britannic Money hereby notifies the Bank and RBS that as at the date hereof it is transferring the beneficial interest in the Trust Accounts and all sums held in the Trust Accounts to the beneficiaries (including the Issuer) of the Declaration of Trust and the Issuer hereby notifies the Bank and RBS that it is charging its interest under the Declaration of Trust to the Trustee under the Deed of Charge. For the avoidance of doubt, Britannic Money confirms that none of the provisions of this Agreement shall affect the enforceability or operation of clause 2.6 of the RBS Contract.

14.2 If there is any change in the identity of the Trustee pursuant to the terms of the Trust Deed, Britannic Money and the Issuer shall execute such documents and take such actions as the new Trustee and the outgoing Trustee (as the case may be) may reasonably require for the purpose of vesting in the new Trustee the rights of the Trustee under this Agreement.

15. TRUSTEE AS PARTY

For the avoidance of doubt, the Trustee is a party to this Agreement in its capacity as such and for the purposes of giving the authorisations expressly set out herein and taking any benefit of these provisions and will assume no obligations in connection herewith except upon the terms herein expressly set out in clauses 7 and 12.

16. COUNTERPARTS

This Agreement may be executed in one or more counterparts.

17. THIRD PARTY RIGHTS

No person, other than a party to this Agreement, shall have any right by virtue of the Contracts (Rights of Third Parties) Act 1999 to enforce any term (express or implied) of this Agreement but this is without prejudice to any right or remedy of a third party which may exist or be available apart from that Act.

18. GOVERNING LAW

This Agreement shall be governed by and construed in accordance with the laws of England.

IN WITNESS whereof the parties have signed this Agreement on the day and year first before written.

Signed by)
for and on behalf of) /s/ Andrew Vaughan
First Flexible No. 4 PLC)

Signed by)
for and on behalf of) /s/ Andrew Vaughan
Britannic Money plc)

Signed by)
for and on behalf of) /s/ Mark Jones
The Chase Manhattan Bank)

Signed by)
for and on behalf of) /s/ Brian Cook
Barclays Bank PLC)

Signed by)
for and on behalf of) /s/ Michael Singleton
The Royal Bank of Scotland plc)
Michael Singleton
Solicitor