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**CANTERBURY FINANCE NO.1 PLC**

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**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020**

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## CANTERBURY FINANCE NO.1 PLC

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## CANTERBURY FINANCE NO.1 PLC

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### COMPANY INFORMATION

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<b>Directors</b>	Aline Sternberg CSC Directors (No.1) Limited CSC Directors (No.2) Limited
<b>Company secretary</b>	CSC Corporate Services (UK) Limited 10th Floor 5 Churchill Place London United Kingdom E14 5HU
<b>Registered number</b>	11464086
<b>Registered office</b>	10th Floor 5 Churchill Place London United Kingdom E14 5HU
<b>Independent auditor</b>	Deloitte LLP Statutory auditor 1 Little New street London UK EC4A 3TR
<b>Bankers</b>	CitiBank Citigroup Centre Canada Square Canary Wharf London E14 5LB
<b>Trustee</b>	Citicorp Trustee Company Limited Citigroup Centre Canada Square Canary Wharf London E14 5LB

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## CANTERBURY FINANCE NO.1 PLC

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### STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2020

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#### Introduction

The Board of Directors (the "Board") present the strategic report of Canterbury Finance No. 1 PLC (the "Company") for the year ended 31 December 2020.

#### Principal activities and business review

The Company was incorporated as a special purpose vehicle on 13 July 2018 to raise funding by the issuance of £515,072,000 mortgage-backed floating rate Notes comprising of £200,030,000 Class A1 Notes, £222,530,000 Class A2 Notes, £22,500,000 Class B Notes, £22,500,000 Class C Notes, £12,500,000 Class D Notes, £12,500,000 Class E Notes, £7,512,000 Class F Notes, £15,000,000 Class X (RFN) Notes, with a maturity date of May 2056 (the "Loan Notes"). The Loan Notes were listed on Euronext Dublin on 12 July 2019. The Company issued the Loan Notes and used proceeds from the issuance to acquire the beneficial title in mortgage loans (the "Mortgage Portfolio") from OneSavings Bank Plc (the "Seller") trading as Kent Reliance. The loans were originated by OneSavings Bank Plc.

At the date of purchase of the Mortgage Portfolio and up to the financial period ending 31 December 2019, the Seller retained substantially all the risks and rewards of ownership of the Mortgage Portfolio and therefore its transfer to the Company was accounted for as a financing transaction ("a deemed loan").

On 17 January 2020, the Seller sold the Class A2 and on 23 January 2020 the Seller sold Class X (RFN) Notes thereby forfeiting the risks and rewards to the Mortgage Portfolio. The sale resulted in OneSavings Bank PLC having no remaining interest in the Company. The sale of the Mortgage Portfolio by the Seller to the Company are deemed to have achieved derecognition under the international financial reporting standard IFRS 9: Financial Instruments. Therefore, the Mortgage Portfolio has been recognised directly in the Statement of Financial Position of the Company. The Mortgage Portfolio is secured by residential properties located in the United Kingdom.

As at 31 December 2020, the outstanding balance of the Mortgage Portfolio is £382,635,103 (2019: Gross Deemed Loan £470,801,314) which includes the movements as outlined in Note 9 to these financial statements.

The Company only retains revenue receipts from its interest in the Mortgage Portfolio necessary to cover its expenses and make a small profit before any fair value movements.

On 23 June 2016, the UK voted to exit the European Union. The UK left the EU on 31 January 2020 and entered a transitional phase which ended on 31 December 2020. It is difficult to determine the likely economic financial impact at this stage, however, general market conditions may slow down in the short to medium term which could impact the performance of the Mortgage Portfolio. This is not expected to have any effect on the Company's ability to trade as a going concern, given the credit enhancement in the structure and the limited recourse nature of the Company's Loan Notes.

#### Results

The Statement of Comprehensive Income of the Company is set out on page 18 and shows a profit of £972 (2019: £243) for the year.

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## CANTERBURY FINANCE NO.1 PLC

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### STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

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#### Key performance indicators

The directors consider the key financial performance indicators of the business to be the credit quality of the underlying Mortgage Portfolio as detailed in Note 9. Details of other performance indicators of the Mortgage Portfolio are included in the Investor Reports which are publicly available on the following website: <https://sf.citidirect.com/stfin/index.html>.

Some of the key performance indicators at the Statement of Financial Position date are:

	2020 £	2019 £
Outstanding balance of the Mortgage Portfolio incl IFRS 9 Provision of £1,506,695 (2019: Gross Deemed Loan)	382,635,103	470,801,314
Outstanding balance of the Mortgage Portfolio more than three months in arrears (See Note 17)	3,003,388	482,426

The principal balance of the Mortgage Portfolio including IFRS 9 provision of £1,506,695 at the financial year end was £382,635,103 (2019: Gross Deemed Loan £470,801,314) due to the net effect of repayments received.

As at 31 December 2020, approximately 0.78% (2019: 0.1%) of the Mortgage Portfolio was more than 3 months in arrears.

The Mortgage Portfolio including IFRS 9 provision of £1,506,695 (2019: Gross Deemed Loan) has been split into staging criteria below as per IFRS for calculation of ECL in the accounts of the Seller:

	2020 £	2019 £
Stage 1	323,555,230	460,861,761
Stage 2	55,627,088	8,947,619
Stage 3	2,453,742	991,934
Stage 3 (POCI)	999,043	-
	<u>382,635,103</u>	<u>470,801,314</u>

Other key performance indicators are the credit ratings assigned to the Class A1 Notes. There have been no changes in the credit rating of these Notes since their original rating of AAA by Fitch rating agency (2019: AAA).

#### Future developments

The directors consider that the Company will continue to meet the scheduled repayment dates for the Loan Notes for the foreseeable future using the cash generated from the Mortgage Portfolio. The directors expect the current level of activity to continue and have no plans to change the activities and operations of the Company in the foreseeable future.

#### Principal risks and uncertainties

Whilst the directors have overall responsibility for the establishment and oversight of the Company's risk management framework, this obligation has been allocated and managed in accordance with the transaction documents. Further details of financial risk management are outlined in Note 17 of the financial statements. The spread of COVID-19 around the world in the first quarter of 2020 has caused significant volatility in international markets. There is significant uncertainty around the breadth and duration of business disruptions

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## CANTERBURY FINANCE NO.1 PLC

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### STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

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#### **Principal risks and uncertainties (continued)**

related to COVID-19, as well as its impact on international economies and, as such, the Company is actively monitoring the extent of the impact to its operations, financial accounting and reporting.

As at 31 December 2020, approximately six loans (out of 1,632) in the portfolio have been impacted by COVID-19 with payment holidays implemented for these loans. The payment holidays were applied to 2 loans in April, July and October 2020. The value of these loans is approximately £1.13m (0.30% of portfolio). No further payment holidays have been granted since.

As at 16 August 2021, none of the loans (out of 1,236) in the portfolio remain on payment holidays. Therefore, the portfolio is still performing and the majority of customers are continuing to repay their loans as usual. This cash will continue to be collected by the structure for distribution to the appropriate parties.

#### **Libor cessation**

The cessation of Libor as a benchmark interest free rate is set to come into force in 2022, when it will no longer be in use. The Company earns a floating interest rate on the Class A1 Notes, the Class A2 Notes, the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes and the Class X (RFN) Notes. No interest is payable in respect of the Class F Notes. It is not anticipated the Libor cessation will cause significant impact on the interest amounts payable on the Notes as the base rate being used is currently SONIA.

#### **Streamlined Energy and Carbon Reporting**

The Company is out of the scope of the Streamlined Energy and Carbon Reporting (SECR), as it does not meet the numerical thresholds in relation to turnover and number of employees.

The Company is mainly exposed to credit risk, liquidity risk and market risk. The principal nature of such risks is summarised below.

#### **Credit risk**

Credit risk is the risk of impairment and partial or total loss of a receivable due to the deterioration of credit quality on the part of the counterparty.

The primary asset of the Company is the Mortgage Portfolio. The Company purchased the Mortgage Portfolio in adherence with an underlying asset purchase agreement and stated eligibility criteria therein. These criteria are in place to manage the credit risk of the Mortgage Portfolio that the Company is exposed to. Credit risk is minimised by the fact that the collateral underlying the Mortgage Portfolio is deemed to be good quality and provide a steady cash flow for the Company to discharge all expenses. Credit risk is monitored and managed on a regular basis through preparation and review of quarterly investor reports which are reviewed in detail by senior management. Under the Security Agreements, the Company has first charge over all properties which have been secured on the underlying loans. At the Statement of Financial Position date, this is significantly higher than the carrying amount of the Mortgage Portfolio and issued Loan Notes.

The weighted average LTV of the Mortgage Portfolio is 69.54% (2019: 70.65%). More information in relation to the LTV of the Mortgage Portfolio is outlined in Note 17.

The directors have assessed the monthly information provided by the Servicer in relation to the Mortgage Portfolio, and as a consequence of the credit enhancement features in the Company, have recognised an ECL adjustment against the Mortgage Portfolio of £1,506,695. Information on the credit risk of the Mortgage Portfolio is set out in Note 17.

#### **Liquidity risk**

Liquidity risk is defined as the risk of being unable to fulfil current or future payment obligations in full on the due date.

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## CANTERBURY FINANCE NO.1 PLC

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### STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

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#### **Liquidity risk (continued)**

The Company's assets are financed primarily by the issuance of the Loan Notes. The financing policy substantially reduces the Company's liquidity risk by matching the payment profile of the Company's funding to the payment profile of the assets being funded.

The Company has a requirement to make principal repayments on each interest payment date based on the extent of funds available from collections on the Mortgage Portfolio. If not otherwise redeemed or sold the Loan Notes will be redeemed in full at the maturity date falling in May 2056. Payments of the Loan Notes are limited in recourse to the receipt of funds from the Mortgage Portfolio.

The Company can also use the general reserve fund to manage any remaining liquidity risk. The general reserve fund includes proceeds initially funded from the proceeds of the issuance of the Notes and thereafter available revenue receipts are applied to top up the general reserve to the liquidity reserve target (if required) in accordance with the Pre-Enforcement Revenue Priority of Payments.

#### **Market risk**

Market risk refers to the potential loss arising from changes in interest rates, foreign currency rates. The Company's financial assets are mainly denominated in GBP and therefore the Company has minimal exposure to foreign currency risk. The Company is exposed to market risk in the form of interest rate risk.

#### **Interest rate risk**

Interest rate risk exists where the interest rates on assets and liabilities are either set according to different bases or reset at different times. The Company minimises its exposure to interest rate risk by ensuring that the interest rate characteristics of its assets and liabilities are similar.

Also, due to the limited recourse obligations of the Company in respect of the Loan Notes, the Company is only obliged to make payments of interest and principal on the Loan Notes to the extent that payments are received from the Mortgage Portfolio or from any security over the underlying loans being realised. In addition to this, the Company has also entered an interest rate swap agreement to hedge against interest rate movements on the Loan Notes.

#### **Capital risk 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 the minimum requirement.

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## CANTERBURY FINANCE NO.1 PLC

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### STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

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#### Section 172(1) of the companies Act 2006

As a securitisation entity 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:

a) 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 as disclosed in Note 2 in the audited financial statements of the Company in accordance with relevant securitisation legislation the Company is only permitted to retain minimal profit;

(b) the Company has no employees;

(c) the Company is a securitisation vehicle and fosters its relationships with suppliers and others via professional third parties who have been assigned operational roles with their roles strictly governed by the transaction documents and fee arrangements agreed in advance. The Company has no customers.

(d) as a securitisation vehicle the Company has no physical presence or operations and accordingly has minimal impact on the community and the environment;

(e) the Company maintains a reputation for high standards of business conduct via professional third parties who have been assigned operational roles. Fee arrangements have been agreed in advance and supplier invoices paid strictly in accordance with the transaction documents including a priority of payments, if applicable; and

(f) the Company has a sole member with the issued shares all held on a discretionary trust basis for charitable purpose.

In accordance with s.426B Companies Act 2006 a copy of this statement is available at:  
<https://portal.cscgfm.com/issuers/canterbury-finance-no1-plc>

This report was approved by the board and signed on its behalf.



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**Aline Sternberg**  
per pro CSC Directors (No.1) Limited  
Date: 8 November 2021



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## CANTERBURY FINANCE NO.1 PLC

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### DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2020

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The directors present their report together with the financial statements for the year ended 31 December 2020.

#### Results and dividends

The profit for the year, after taxation, amounted to £972 (2019: £243).

The directors do not recommend the payment of a dividend for the year ended 31 December 2020.

#### Directors' and company shareholdings

The directors who served during the period and up to financial statements authorisation date were:

Aline Sternberg (appointed 13 July 2018)

CSC Directors (No.1) Limited (appointed 13 July 2018)

CSC Directors (No.2) Limited (appointed 13 July 2018)

CSC Corporate Services (UK) Limited was appointed as the Company Secretary on 13 July 2018 and continued to act as Company Secretary for the financial year ending 31 December 2020.

The directors and their immediate relatives and the Company Secretary did not hold an interest in any shares, share options, deferred shares or loan stock of the Company as at 31 December 2020 or at any time during or since the financial year end.

#### Directors' interest in contracts

The Company has no employees. CSC Capital Markets UK Limited provides corporate services to the Company at arm's length commercial rates. CSC Capital Markets UK Limited incurred fees in the amount of £14,636 (2019: £17,421) for corporate administrative services during the period which includes the provision of directorship services by its employees. The directors provided are not remunerated directly by the Company for their services.

#### Third party indemnities

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

#### Going concern

The Company's financial statements have been prepared on a going concern basis covering a period of 12 months from the date of signing the statement of financial position. The Company has made a detailed assessment taking into account historic performance of the Mortgage Portfolio, future outlook including the impact of Covid-19 pandemic on expected credit loss on the Mortgage Portfolio, operational capability of OneSavings Bank Plc to service the loans and the limited recourse nature of the Company.

Defaults from the underlying borrowers within the Mortgage Portfolio may give rise to a Note Event of Default as outlined in the Company's prospectus. In this case, the Mortgage Portfolio becomes enforceable and Notes payable in line with the enforcement proceedings as outlined in the Company's prospectus. The directors have assessed that there will be sufficient receipts available from the Mortgage Portfolio to cover any interest or scheduled principal repayments on the Notes for 12 months from approval of these financial statements. As part of this assessment the directors have considered:

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## CANTERBURY FINANCE NO.1 PLC

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### DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

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#### Going concern (continued)

The directors have performed an assessment of going concern with respect to COVID-19. 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, the availability of existing funding to support the Company, and the operational resilience of the Company. Defaults from the underlying borrowers within the Mortgage Portfolio may give rise to a Note Event of Default as outlined in the Company's prospectus. In this case, the Mortgage Portfolio becomes enforceable and Notes payable in line with the enforcement proceedings as outlined in the Company's prospectus. The directors have assessed that there will be sufficient receipts available from the Mortgage Portfolio to cover any interest or scheduled principal repayments on the Notes for 12 months from approval of these financial statements. The directors have concluded should there be an economic downturn drastic enough to materially impair revenue receipts from the portfolio, the Company's reserve fund is sufficient to cover senior interest and expense obligations of the Company for a period in excess of 12 months following the date of approval of the annual report and financial statements. The details of key assumptions considered in the going concern assessment are disclosed under the heading of "Use of estimates and judgments" in Note 2 of the financial statements.

#### Political contributions

There have been no political donations during the financial year (2019: nil).

#### Post balance sheet events

There have been no significant events since the end of the financial year which require disclosure in these financial statements.

#### Share capital

The issued share capital consists of £12,501, comprising 50,000 ordinary shares of £1 each with one share being fully paid and 49,999 ordinary shares being quarter paid.

#### Statement of disclosure of information to auditors

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as directors are aware, there is no relevant audit information of which the Company's auditor is unaware, and
- directors have taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

#### Appointment of auditor

The auditor, Deloitte LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board and signed on its behalf.



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**Aline Sternberg**  
per pro CSC Directors (No.1) Limited  
Date: 8 November 2021

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## CANTERBURY FINANCE NO.1 PLC

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### DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

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The directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. The financial statements are required by law to 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 these financial statements for each financial year, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are 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 to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also 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 responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements and other information included in Directors' Reports may differ from legislation in other jurisdictions.

# INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CANTERBURY FINANCE NO.1 PLC

## Report on the audit of the financial statements

### 1. Opinion

In our opinion the financial statements of Canterbury Finance No.1 Plc (the 'Company'):

- give a true and fair view of the state of the Company's affairs as at 31 December 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the statement of comprehensive income;
- the statement of financial position;
- the statement of changes in equity;
- the statement of cash flow; and
- the related notes 1 to 22.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

### 2. Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We confirm that the non-audit services prohibited by the FRC's Ethical Standard were not provided to the Company.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### 3. Summary of our audit approach

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**Key audit matters**

The key audit matter that we identified in the current year was loan loss provisioning on the Investments.

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<b>Materiality</b>	The materiality that we used in the current period was £5.69m which was determined on the basis of 1.5% of Gross Investments (excluding ECL Provision and unamortised premium).
<b>Scoping</b>	All of the work to respond to the risks of material misstatement was performed directly by the audit engagement team.
<b>Significant changes in our approach</b>	There have been no significant changes in our audit approach compared with the prior year.

## 4. Conclusions relating to 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 the following procedures:

- We evaluated management's going concern assessment paper to determine whether it appropriately captures all key business risks including liquidity, credit and operational risks;
- We obtained investor reports and considered the performance of Investment assets in the period after the balance sheet date to identify any significant changes;
- We assessed the results of management's stress testing of expected credit losses; and
- We evaluated the appropriateness of the disclosures made in the financial statements in view of the requirements of applicable financial reporting framework.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

## 5. Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our 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) that we identified. These matters included 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 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.

### 5.1. Loan loss provisioning on the Investments

<b>Key audit matter description</b>	As disclosed in note 9, the Company holds a gross Investments asset of £384m (2019: Deemed Loan £470m) comprising UK-based residential mortgage loans (the 'Investment') in which the Company has acquired a beneficial interest. The Investment assets are accounted for at amortised cost as disclosed in note 2.9 to the financial statements.
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IFRS 9 requires impairment losses to be recognised on an expected credit loss ("ECL") basis. The ECL provision on the Investments asset requires management to make significant judgements and estimates, therefore we consider loan loss provisioning to be a key audit matter. We have determined that the subjectivity is most significant in the following elements of the ECL provision:

- Macroeconomics assessment;
- Significant increase in credit risk assumption; and
- Propensity to go into possession following default ("PPD") and forced sale discount ("FSD") assumptions.

Management have described the expected credit loss policy on the Investments asset in note 2 and note 9 to the financial statements.

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**How the scope of our audit responded to the key audit matter**

*We evaluated the appropriateness of the methodologies and policies chosen by management in relation to the determination of ECL on the Investment assets.*

To challenge the macroeconomic scenarios and the probability weightings applied in estimating ECL provision on the Investments asset we:

- agreed the macroeconomics scenarios used in the ECL model to reports prepared by the third party economics expert;
- assessed the competence, capability and objectivity of the third party economics expert, which included making specific inquiries to understand their approach and modelling assumptions to derive the scenarios;
- supported by our economic specialists, assessed and challenged management's assessment of scenarios considered and the probability weightings assigned to them in light of the economic position as at 31 December 2020;
- involved our economic specialists to challenge management's economic outlook by reference to other available economic outlook data;
- performed a benchmarking exercise to compare the appropriateness of selected macroeconomic variables and weightings to those used by peer lenders. The key economic variables were the house price index ("HPI") and unemployment; and
- assessed and challenged the changes made to the model methodology and computer code in the macroeconomics model which applies the scenarios to the relevant ECL components.

To challenge the significant increase in credit risk ('SICR') assumption applied in estimating ECL provision on the Investments asset we:

- evaluated the SICR policy and assessed whether it complies with IFRS 9;
  - assessed the probability of default ('PD') thresholds used in the SICR assessment by reference to standard validation metrics including the proportion of transfers to stage two driven solely by being 30 days past due, the volatility of loans in stage two and the proportion of loans that spend little or no time in stage two before moving to stage three;
  - challenged the appropriateness of changes made to management's staging framework in response to Covid-19 during the year against the requirements of IFRS 9 and, supported by our modelling specialists, assessed the appropriateness of the changes made in the staging model; and
-

- tested whether the PD thresholds set by management had been appropriately applied in practice as at 31 December 2020.

To challenge the PPD and FSD assumptions applied in estimating ECL provision on the Investments asset we:

- supported by our analytics and modelling specialists, challenged the changes made to computer code in the LGD models;
- recalculated the PPD rates observed on defaulted cases and compared them with the rates used in the ECL models;
- recalculated the FSD observed on recent property sales on the defaulted accounts and compared them with the rates used in the ECL models;
- assessed the appropriateness of PPD and FSD assumptions adopted by management through benchmarking to industry peers; and
- assessed the impact of findings raised in management's independent ECL model validation conducted in 2020.

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<b>Key observations</b>	We conclude that the loan loss provisioning on the Investment assets and the related disclosures are reasonable as reported.
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## 6. Our application of materiality

### 6.1. Materiality

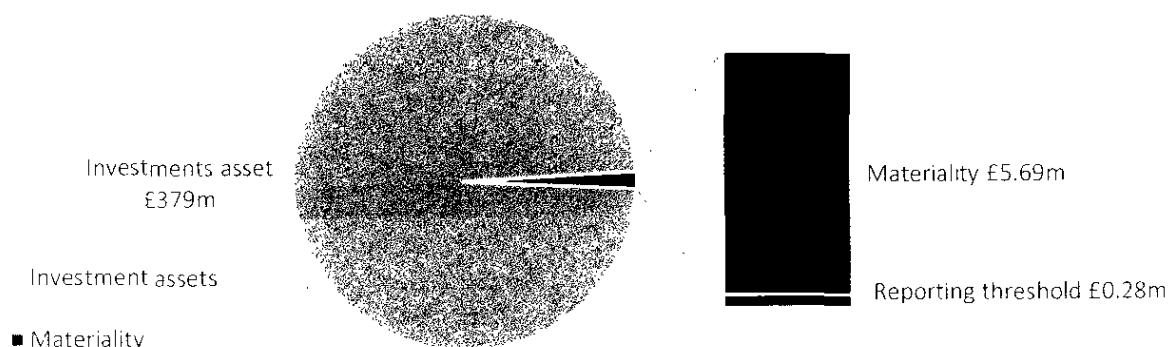
We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality both in planning the scope of our audit work and in evaluating the results of our work.

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

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<b>Materiality</b>	£5.69m (2019: £7.06m)
<b>Basis for determining materiality</b>	The materiality was based on approximately 1.5% of the Gross Investments balance (excluding ECL provision and unamortised premium).
<b>Rationale for the benchmark applied</b>	The purpose of the Company is to acquire and hold Mortgage Portfolio held as Investments asset, which are financed by the issue of Loan notes. The carrying value of the underlying gross Investments asset is the driver of the Company's results and is therefore the key focus of the users of the financial statements.

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## 6.2. Performance materiality

We set performance materiality at a level lower than materiality to reduce the probability that, in aggregate, uncorrected and undetected misstatements exceed the materiality for the financial statements as a whole. Performance materiality was set at 70% of materiality for the 2020 audit (2019: 70%). In determining performance materiality, we considered the quality of the control environment and any corrected and uncorrected misstatement identified in prior period.

## 6.3. Error reporting threshold

We agreed with those charged with governance of the Company that we would report to them all audit differences in excess of £0.28m (2019: £0.35m), as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to those charged with governance on disclosure matters that we identified when assessing the overall presentation of the financial statements.

# 7. An overview of the scope of our audit

## Scoping

Our audit was scoped by obtaining an understanding of the entity and its environment, including internal control, and assessing the risks of material misstatement. Audit work to respond to the risks of material misstatement was performed directly by the audit engagement team.

# 8. Other information

The other information comprises the information included in the Annual report, Strategic report and Directors' report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained in the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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 course of the audit, or otherwise appears to be materially misstated.

If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. 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 in this regard.



## 9. Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors 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.

## 10. Auditor's 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 auditor's 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.

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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

## 11. Extent to which the audit was considered capable of detecting irregularities, including fraud

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.

### **11.1. Identifying and assessing potential risks related to irregularities**

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, we considered the following:

- the nature of the industry and sector, control environment and business performance including the design of the Company's remuneration policies, key drivers for directors' remuneration, bonus levels and performance targets;
- results of our enquiries of management and those charged with governance about their own identification and assessment of the risks of irregularities;
- any matters we identified having obtained and reviewed the Company's documentation of their policies and procedures relating to:
  - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
  - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud; and
  - the internal controls established to mitigate risks of fraud or non-compliance with laws and regulations.
- the matters discussed among the audit engagement team and involving relevant internal specialists, including Credit Centre of Excellence, analytics and modelling, economic, financial instruments and

IT specialists, regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, we considered the opportunities and incentives that may exist within the organisation for fraud and identified the greatest potential for fraud in the loan loss provisioning on the Investments. In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override.

We also obtained an understanding of the legal and regulatory framework that the Company operates in, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements. The key laws and regulations we considered in this context included the UK Companies Act and tax regulations.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which may be fundamental to the Company's ability to operate or to avoid a material penalty

#### **11.2. Audit response to risks identified**

As a result of performing the above, we identified loan loss provisioning on the Investments as a key audit matter related to the potential risk of fraud. The key audit matters section of our report explains the matter in more detail and describes the specific procedures we performed in response to that key audit matter.

In addition to the above, our procedures to respond to risks identified included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- enquiring of management, and those charged with governance concerning actual and potential litigation and claims;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- reading minutes of meetings of those charged with governance and reviewing correspondence with HMRC;
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members including internal specialists and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

## **Report on other legal and regulatory requirements**

### **12. Opinions on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

## 13. Matters on which we are required to report by exception

### 13.1. Adequacy of explanations received and accounting records

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

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns.

We have nothing to report in respect of these matters.

### 13.2. Directors' remuneration

Under the Companies Act 2006 we are also required to report if in our opinion certain disclosures of directors' remuneration have not been made.

We have nothing to report in respect of this matter.

## 14. Other matters which we are required to address

### 14.1. Auditor tenure

We were appointed by those charged with governance on 10 July 2019 to audit the financial statements for the year ending 31 December 2020 and subsequent financial periods. The period of total uninterrupted engagement including previous renewals and reappointments of the firm is two years.

### 14.2. Consistency of the audit report with the additional report to those charged with governance

Our audit opinion is consistent with the additional report to those charged with governance we are required to provide in accordance with ISAs (UK).

## 15. Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Giles Lang, FCA (Senior statutory auditor)  
For and on behalf of Deloitte LLP  
Statutory Auditor  
London, United Kingdom  
8 November 2021

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**CANTERBURY FINANCE NO.1 PLC**

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**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 DECEMBER 2020**

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	Note	2020 £	2019 £
Interest income and similar income	3	15,196,152	5,649,065
Interest expense and similar expenses	4	(8,304,691)	(5,573,923)
<b>Gross profit</b>		<b>6,891,461</b>	<b>75,142</b>
Administrative expenses	5	(378,214)	(584,524)
Fair value movements on derivative financial instruments	7	(5,383,745)	509,682
Impairment charge	9	(1,128,302)	-
<b>Operating profit</b>		<b>1,200</b>	<b>300</b>
Tax on profit	8	(228)	(57)
<b>Profit and total comprehensive income for the financial year/period</b>		<b>972</b>	<b>243</b>

The 2019 Statement of Comprehensive Income includes the following period: 13 July 2018 to 31 December 2019.

There were no recognised gains and losses for other than those included in the Statement of Comprehensive Income.

All the Company's income is derived from continuing operations

The notes on pages 22 to 52 form part of these financial statements.

**CANTERBURY FINANCE NO.1 PLC**  
**REGISTERED NUMBER: 11464086**

**STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2020**

	Note	2020 £	2019 Restated* £
<b>Fixed assets</b>			
Deemed Loan*	9	-	459,040,312
Investments	9	382,635,103	-
		<u>382,635,103</u>	<u>459,040,312</u>
<b>Current assets</b>			
Debtors: amounts falling due within one year*	10	12,501	522,183
Cash and cash equivalents	11	29,370,886	19,930,812
		<u>29,383,387</u>	<u>20,452,995</u>
Creditors: amounts falling due within one year	12	(8,389,707)	(1,425,410)
<b>Net current assets</b>		<u>20,993,680</u>	<u>19,027,585</u>
<b>Total assets less current liabilities</b>		<u>403,628,783</u>	<u>478,067,897</u>
Creditors: amounts falling due after more than one year	14	(403,615,067)	(478,055,153)
<b>Net assets</b>		<u><u>13,716</u></u>	<u><u>12,744</u></u>
<b>Capital and reserves</b>			
Called up share capital	15	12,501	12,501
Profit and loss account		1,215	243
<b>Total shareholders' funds</b>		<u><u>13,716</u></u>	<u><u>12,744</u></u>

\* - See note 2.2 to the accounts for further details.

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 8 November 2021.



**Aline Sternberg**  
per pro CSC Directors (No.1) Limited

The notes on pages 22 to 52 form part of these financial statements.

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**CANTERBURY FINANCE NO.1 PLC**

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**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2020**

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	Note	Called up share capital £	Profit and loss account £	Total shareholders' funds £
<b>At 13 July 2018</b>		-	-	-
Profit for the period		-	243	243
Shares issued during the period	15	12,501	-	12,501
<b>At 1 January 2020</b>		<u>12,501</u>	<u>243</u>	<u>12,744</u>
<b>Comprehensive income for the year</b>				
Profit for the year		-	972	972
<b>At 31 December 2020</b>		<u>12,501</u>	<u>1,215</u>	<u>13,716</u>

The notes on pages 22 to 52 form part of these financial statements.

**CANTERBURY FINANCE NO.1 PLC**

**STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

	Note	2020 £	2019 £
<b>Cash flows from operating activities</b>			
Profit before tax		1,200	300
<b>Adjustments for:</b>			
Interest income and similar income	3	(15,196,152)	(5,649,065)
Interest expense and similar charges	4	8,304,691	5,573,923
Increase in debtors	10	-	(12,501)
Increase in creditors excluding accrued interest	12	3,718,726	158,504
Fair value movements on derivative financial instruments	7	5,383,745	(509,682)
Corporation tax paid	8	(57)	(57)
<b>Net cash generated from operating activities</b>		<u>2,212,153</u>	<u>(438,578)</u>
<b>Cash flows from investing activities</b>			
Purchase of Investments	9	-	(505,755,168)
Receipt of collections from Investments	9	91,601,361	44,851,956
<b>Net cash generated from investing activities</b>		<u>91,601,361</u>	<u>(460,903,212)</u>
<b>Cash flows from financing activities</b>			
Proceeds from issuance of the Loan Notes	14	-	515,072,000
Movement on the Loan Notes	14	(74,440,086)	(29,504,847)
Interest paid	4	(8,775,234)	(4,307,052)
Issuance of ordinary shares	15	-	12,501
Payments under Interest Rate Swap		(1,158,120)	-
<b>Net cash used in financing activities</b>		<u>(84,373,440)</u>	<u>481,272,602</u>
<b>Net increase in cash and cash equivalents</b>		<u>9,440,074</u>	<u>19,930,812</u>
Cash and cash equivalents at beginning of year		19,930,812	-
<b>Cash and cash equivalents at the end of year</b>		<u><u>29,370,886</u></u>	<u><u>19,930,812</u></u>
<b>Cash and cash equivalents at the end of year comprise:</b>			
Cash at bank and in hand	11	<u>29,370,886</u>	<u>19,930,812</u>

**\*\*Included in cash at bank and in hand is £7,501,080 (2019: £7,501,080) restricted cash relating to the General Reserve fund. See Note 11 for more details.**

The notes on pages 22 to 52 form part of these financial statements.

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## CANTERBURY FINANCE NO.1 PLC

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

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#### 1. General information

Canterbury Finance No. 1 PLC is a public company limited by shares and incorporated and domiciled in the United Kingdom. The principal activity of the Company is that of a special purpose entity to facilitate the securitisation of a portfolio of residential mortgage loans and originated by OneSavings Bank Plc. The Company was incorporated with registration number 11464086 and its registered office address is at 10th Floor, 5 Churchill Place, London, England, E14 5HU, United Kingdom.

#### 2. Accounting policies

##### 2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006. The derivative is the only exception to the historical cost convention which is measured at fair value.

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.

The following principal accounting policies have been applied:

##### 2.2 Prior year restatement

The Company has changed the classification of £88m of Mortgage Portfolio from Debtors: Amounts falling due within one year to fixed asset investments, in-line with the disclosure requirements of FRS 102 and Companies Act 2006. The restatement had a nil impact on reported profit for the current year and prior period.



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## CANTERBURY FINANCE NO.1 PLC

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

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#### 2. Accounting policies (continued)

##### 2.3 Going concern

The Company's financial statements have been prepared on a going concern basis covering a period of 12 months from the date of signing the statement of financial position. The Company has made a detailed assessment taking into account historic performance of the Mortgage Portfolio, future outlook including the impact of Covid-19 pandemic on expected credit loss on the Mortgage Portfolio, operational capability of OneSavings Bank Plc to service the loans and the limited recourse nature of the Company. Defaults from the underlying borrowers within the Mortgage Portfolio may give rise to a Note Event of Default as outlined in the Company's prospectus. In this case, the Mortgage Portfolio becomes enforceable and Notes payable in line with the enforcement proceedings as outlined in the Company's prospectus. The directors have assessed that there will be sufficient receipts available from the Mortgage Portfolio to cover any interest or scheduled principal repayments on the Notes for 12 months from approval of these financial statements. As part of this assessment the directors has considered:

- a. Potential increase in expected credit loss on the Mortgage Portfolio on account of payment holidays and increased default risk following pandemic and whether it may impact the future cash flows taking into account the credit enhancement available in the structure.
- b. The sufficiency of the Company's liquidity reserves.
- c. The resilience of the Company's loan servicer, OneSavings Bank Plc, to continue servicing the loan in future;
- d. Limited recourse nature of the Company. The Company's ability to pay amounts due on the Loan Notes is, limited to the application of the receipts from the Mortgage Portfolio under the terms of the priority of payments as set out in term and condition of the Loan Notes.

As a result of this assessment, the directors consider that it is appropriate to adopt the going concern basis of accounting in preparing the Company's financial statements.

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## CANTERBURY FINANCE NO.1 PLC

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

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#### 2. Accounting policies (continued)

##### 2.4 Foreign currency translation

###### Functional and presentation currency

These financial statements are presented in Pound Sterling (£) which is the Company's functional currency. Functional currency is the currency of the primary economic environment in which the entity operates. All figures in the financial statements are rounded to zero decimal places.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Assets and liabilities in foreign currencies are translated at the exchange rates in effect at the Statement of Financial Position date. All exchange differences are dealt with in arriving at profit before taxation and are recognised in the profit and loss account under Interest income and similar income.

###### Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

##### 2.5 Interest income and expense

Interest income on financial assets carried at amortised cost and interest expense on financial liabilities 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. In calculating the rate, the Company estimates the cash flows considering all contracted terms but not future credit losses.

##### 2.6 Other income

Other income is bank interest earned in the year. Interest is paid to Noteholders quarterly during the year and is recognised on an effective interest rate basis. Interest is calculated using SONIA plus a margin on each class of Loan Notes outstanding.

##### 2.7 Segmental analysis

All of the Company's financial instruments are carried out in the UK and the results and net assets are derived from its purchase of the Mortgage Portfolio.

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## CANTERBURY FINANCE NO.1 PLC

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

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## 2. Accounting policies (continued)

### 2.8 Taxation

Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company operates and generates income.

*Under the powers conferred by the Finance Act 2005 (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.*

The directors are satisfied that this Company meets the definition of a 'securitisation company' as defined by both the Act and the subsequent secondary legislation and that no incremental unfunded tax liabilities will arise.

### 2.9 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

*In the Statement of Cash Flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Company's cash management.*

All withdrawals from the Company's bank accounts are restricted by the detailed priority of payments set out in the Offering Circular and as such the cash and cash equivalents are not freely available to be used for other purposes.

### 2.10 Financial instruments

The Company's financial instruments comprise the Mortgage Portfolio, cash, Loan Notes and various receivables and payables that arise from its operations.

#### **Mortgage Portfolio**

Where a transfer of a financial asset does not qualify for derecognition in the Seller's financial statements, the transferee does not recognise the transferred asset as its asset. The transferee derecognises the cash or other consideration paid and recognises a receivable from the transferor. In relation to the Mortgage Portfolio transferred to the Company, derecognition was considered to be inappropriate for the portfolio seller's or originator's (OneSavings Bank Plc) own financial statements for financial period ending 31 December 2019 as the Seller retained significant risks, in the form of *credit enhancement paid in, and rewards, in the form of deferred purchase consideration to be paid out, on the Mortgage Portfolio.* The Company's 2019 financial statements were therefore prepared on the basis that its acquisitions of beneficial interests in the Mortgage Portfolio were recognised as a collateralised non-recourse loan to the originator. At the date of purchase of the Mortgage Portfolio and up to the financial period ending 31 December 2019, the Seller retained substantially all the risks and rewards of ownership of the Mortgage Portfolio and therefore its transfer to the Company was accounted for as a financing transaction ("a deemed loan").

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020

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2. Accounting policies (continued)

2.11 Impairment

The Company's Mortgage Portfolio is subject to IFRS 9's expected credit loss model. The expected credit loss approach requires an allowance to be established upon initial recognition of a financial asset reflecting the level of losses anticipated after having regard to, amongst other things, expected future economic conditions. The Company uses the IFRS 9 three-stage expected credit loss (ECL) approach for measuring impairment. The three impairment stages are as follows:

- **Stage 1** – a 12-month ECL allowance is recognised where there is no significant increase in credit risk (SICR) since initial recognition.

- **Stage 2** – a lifetime loss allowance is held for assets where a SICR is identified since initial recognition. The assessment of whether credit risk has increased significantly since initial recognition is performed for each reporting period for the life of the loan.

- **Stage 3** – requires objective evidence that an asset is credit impaired, at which point a lifetime ECL allowance is recognised.

The Company measures impairment through the use of individual and modelled assessments

**Individual assessment**

The Company's provisioning process requires individual assessment for high exposure or higher risk loans, where Law of Property Act (LPA) receivers have been appointed, the property is taken into possession or there are other events that suggest a high probability of credit loss. Loans are considered at a connection level, i.e. including all loans connected to the customer.

The Company estimates cash flows from these loans, including expected interest and principal payments, rental or sale proceeds, selling and other costs. The Company obtains up-to-date independent valuations for properties put up for sale.

If the present value of estimated future cash flows discounted at the original EIR is less than the carrying value of the loan, a provision is recognised for the difference. Such loans are classified as impaired. If the present value of the estimated future cash flows exceeds the carrying value, no provision is recognised.

The Company applies a modelled assessment to all loans with no individually-assessed provision.

**IFRS 9 modelled impairment**

The assessment of credit risk and the estimation of ECL are unbiased and probability weighted. ECL is measured on either a 12 month Stage 1 or lifetime basis depending on whether a SICR (Significant Increase in Credit Risk) has occurred since initial recognition Stage 2 or where an account meets the definition of default or impairment Stage 3.

The ECL calculation is a product of an individual loan's probability of default (PD), exposure at default (EAD) and loss given default (LGD) discounted at the EIR. The ECL drivers of PD, EAD and LGD are modelled at an account level. The assessment of whether a significant increase in credit risk has occurred is based on quantitative relative PD thresholds and a suite of qualitative triggers.

In accordance with regulatory COVID-19 guidance, the Company does not automatically consider the take up of customer payment deferrals during the pandemic to be an indication of a SICR and, in the absence of other indicators such as previous arrears, low credit score or high other indebtedness, the staging of these loans remains unchanged in its ECL calculations.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020

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2. Accounting policies (continued)

**Significant increase in credit risk (movement to Stage 2)**

The Company's transfer criteria determine what constitutes a SICR, which results in an exposure being moved from Stage 1 to Stage 2.

At the point of initial recognition, a loan is assigned a PD estimate. For each monthly reporting date thereafter, an updated PD estimate is computed. The Company's transfer criteria analyses relative changes in PD versus the PD assigned at the point of origination, together with qualitative triggers using both internal indicators and external credit bureau information to assess for SICR. In the event that given early warning triggers have not already identified SICR, an account more than 30 days past due has experienced a SICR.

A borrower will move back into Stage 1 only if the SICR definition is no longer triggered.

**Definition of default (movement to Stage 3)**

The Company uses a number of quantitative and qualitative criteria to determine whether an account meets the definition of default and therefore moves to Stage 3. The criteria currently include:

- If an account is more than 90 days past due.
- Accounts that have moved into an unlikely to pay position, which includes forbearance, bankruptcy, repossession and interest-only term expiry.

A borrower will move out of Stage 3 when its credit risk improves such that it no longer meets the 90 days past due and unlikelihood to pay criteria and following this has completed an internally-approved probation period. The borrower will move to Stage 1 or Stage 2 dependent on whether the SICR applies.

**Forward-looking macroeconomic scenarios**

The risk of default and expected credit loss assessments take into consideration expectations of economic changes that are deemed to be reasonably possible.

The Company conducts analysis to determine the most significant factors which may influence the likelihood of an exposure defaulting in the future. The macroeconomic factors relate to the House Price Index (HPI), unemployment rate (UR) and the BoE Base Rate (BBR).

The Group has derived an approach for factoring probability-weighted macroeconomic forecasts into ECL calculations, adjusting PD and LGD estimates. The macroeconomic scenarios feed directly into the ECL calculation, as the adjusted PD, lifetime PD and LGD estimates are used within the individual account ECL allowance calculations.

The Company currently does not have an in-house economics function and therefore sources economic forecasts from an appropriately qualified Third-party. The Company considers four probability-weighted scenarios, base, upside, downside and severe downside scenarios.

Expected credit loss is measured from the initial recognition of the asset which is the date at which the loan is originated or the date a loan is purchased and at each balance sheet date thereafter. The maximum period considered when measuring ECL (either 12 months or lifetime ECL) is the maximum contractual period over which the Company is exposed to the credit risk of the asset. For modelling purposes, the Company considers the contractual maturity of the loan product and then considers the behavioural trends of the asset.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020

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**2. Accounting policies (continued)**

**2.12 Loan Notes**

Loan Notes are classified as financial liabilities and initially recognised at fair value on the date of issuance of the Notes and subsequently at amortised cost with any difference between cost and redemption value being recognised in the Statement of Comprehensive Income on an effective interest rate basis.

**2.13 Deferred consideration**

Under the terms of the securitisation, the Company retains the right of any excess available revenue receipts from the beneficial interest in the Mortgage Portfolio. Any excess income is payable to Residual Certificate Holders and treated as a component of the effective interest on the Mortgage Portfolio. The payments of deferred consideration are strictly governed by the priority of payments that sets out how cash can be utilised. Deferred consideration is a financial liability that is held at amortised cost.

**2.14 Offsetting of financial instruments**

Financial assets and liabilities are offset and the net amount reported in the Statement of Financial Position only when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability.

**2.15 Fair value accounting of derivatives**

The Company uses interest rate swaps to manage the variable rate exposure on the Loan Notes not covered through the fixed interest rates associated with the Mortgage Portfolio.

Such an instrument is used for hedging purposes to alter the risk profile of an existing underlying exposure of the Company in line with the Company's risk management policy. Derivative financial instruments are classified as fair value through profit and loss account and recorded at fair value, with any gain or loss on re-measurement being recognised in the Statement of Comprehensive Income. The Company does not enter into speculative derivative contracts. The Company does not apply hedge accounting. The fair value of the derivative instruments swaps is the estimated amount that the Company would receive or pay to terminate the swap at the Statement of Financial Position date, and is calculated by discounting future cash flows using observable market data at that date.

**2.16 Creditors**

Short term creditors are measured at the transaction price. Other financial liabilities are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

**2.17 Use of estimates and judgements**

The preparation of the financial statements requires management to make judgements, 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 experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020

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2. Accounting policies (continued)

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the financial year in which the estimates are revised if the revision affects only that financial year or in the financial year of the revision and future years if the revision affects both current and future financial years. The most important areas where the directors use critical accounting estimates and judgements in applying its accounting policies are as follows:

*Critical judgements in applying the Company's accounting policies*

The following are the critical judgements, apart from those involving estimations (which are dealt with separately below), that the directors have made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in financial statements;

i. *Going concern assumption*

The spread of COVID-19 around the world in the first quarter of 2020 has caused significant volatility in international markets. There is significant uncertainty around the breadth and duration of business disruptions related to COVID-19, as well as its impact on international economies and, as such, the Company is actively monitoring the extent of the impact to its operations, financial accounting and reporting.

The directors believe going concern assumption is appropriate. The key assumptions used in the going concern assumption is documented in Note 2.2.

ii. *Initial Recognition and fair valuation of Mortgage Portfolio*

On 17 January 2020, the Seller sold the Class A2 and on 23 January 2020 the Seller sold Class X (RFN) Notes thereby forfeiting the risks and rewards to the Mortgage Portfolio. The sale resulted in OneSavings Bank PLC having no remaining interest in the Company. The sale of the Mortgage Portfolio by the Seller to the Company are deemed to have achieved derecognition under the International Financial Reporting Standard (IFRS) 9: Financial Instruments. It follows therefore that the Mortgage Portfolio has been recognised directly in the Statement of Financial Position of the Company.

The Mortgage Portfolio has been recognised at fair value at initial recognition and subsequently measured at amortised cost using the effective interest rate method. The fair valuation of Mortgage Portfolio is subjective and involved making key assumptions in relation to expected cash flows, behavioural life of the book, credit losses and discount rate. The directors made these assumptions using appropriate past trends and patterns of Mortgage Portfolio, current economic and market factors that is readily available to an independent market participant and have a bearing on future repayment profile of the Mortgage Portfolio.

The Company has performed sensitivity analysis of the fair valuation and noted that the Mortgage Portfolio would have been higher by £4,708,013 and lower by £4,708,013 if the market price was increased and decreased by 1% respectively.

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## CANTERBURY FINANCE NO.1 PLC

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

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#### 2. Accounting policies (continued)

##### **Key source of estimation uncertainty**

The key assumptions concerning the future, and other key sources of estimation uncertainty at the Statement of Financial Position date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are as follows:

##### *i. Impairment of the Mortgage Portfolio*

The Company measures the amount of any impairment loss as the difference between the carrying value of Mortgage Portfolio and the present value of the revised future cash flows following a loss event, which inherently takes into account the expected value of any related security i.e. the underlying properties.

The recoverability of the Mortgage Portfolio is dependent on the collections from the borrowers. Mortgage Loans are considered in default when the borrower has missed the equivalent of three full payments. 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. Based on Bank of England forecasts the directors would expect a Forced Sale Discount to be applied to the property value of a Mortgage Portfolio on the sale of repossessed collateral. The value of the potential repossessed collateral was based on the indexed property valuation available at 31 December 2020.

The Company uses a Loss Given Default (LGD) model which includes a number of estimated inputs including propensity to go to possession given default (PPD), forced sale discount (FSD) and sale cost estimates. The loss given default is sensitive to the Housing Price Index (HPI).

Sensitivity analysis of the key inputs and assumptions used in the calculation of impairment. The results of the sensitivities do not have any material impact on the financial statements.

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

##### **Forward-looking macroeconomic scenarios**

The forward-looking macroeconomic scenarios affect both the probability of default (PD) and LGD estimates. Therefore the ECL calculations are sensitive to both the scenarios utilised and their associated probability weightings. Due to the current uncertainty regarding the Brexit trade agreement the choice of scenarios and weightings are subject to a significant degree of estimation.



## CANTERBURY FINANCE NO.1 PLC

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

#### 2. Accounting policies (continued)

The following tables disclose the ECL scenario sensitivity analysis with each scenario weighted at 100% probability. The purpose of using multiple economic scenarios is to model the non-linear impact of assumptions surrounding macroeconomic factors and ECL calculated:

	Weighted £	100% Base case scenario £	100% Upside scenario £	100% Downside scenario £	100% Severe downside scenario £
Total mortgages before provisions, £	384,141,798	384,141,798	384,141,798	384,141,798	384,141,798
Modelled ECL, £	(1,506,695)	(1,163,688)	(801,774)	(2,601,760)	(4,068,656)
<b>ECL Coverage, %</b>	<b>0.39%</b>	<b>0.30%</b>	<b>0.21%</b>	<b>0.68%</b>	<b>1.06%</b>

#### 3. Interest income and similar income

	2020 £	2019 £
Interest income and similar income	16,315,864	11,335,426
Premium amortisation on Mortgage Portfolio / Deemed Loan Asset	(1,119,712)	(1,437,359)
Deferred consideration	-	(4,249,002)
	<u>15,196,152</u>	<u>5,649,065</u>

Interest income includes interest and fees due on the Mortgage Portfolio. Under the terms of the securitisation, the Company retains the right to £300 per quarter issuer profit.

Profits in excess of this accrue to the Seller as deferred consideration. The payments of deferred consideration are strictly governed by the priority of payments that sets out how cash can be utilised. Deferred consideration was net against interest income and similar income in 2019 when the Mortgage Portfolio was classified as part of the Deemed Loan. Deferred consideration is now classified as part of administrative expenses for year ended 31 December 2020 as the Mortgage Portfolio is on the balance-sheet.

#### 4. Interest expenses and similar expenses

	2020 £	2019 £
Interest expense on Loan Notes	(8,304,691)	(5,573,923)
	<u>(8,304,691)</u>	<u>(5,573,923)</u>

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## CANTERBURY FINANCE NO.1 PLC

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

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#### 5. Administrative expenses

	2020 £	2019 £
Deferred consideration	479,943	-
Servicer fees	(741,346)	(423,057)
Audit fees	(68,000)	(65,000)
Other expenses	(48,811)	(96,467)
	<u>(378,214)</u>	<u>(584,524)</u>

*Deferred consideration relates to an adjustment in amounts owing back to the residual certificate holders to reflect the residual profit amount as defined in the transaction documents. These amounts are net against the Deemed Loan in the 2019 financial statements.*

	2020 £	2019 £
Fees payable to the Company's auditor and its associates for the audit for the Company's annual accounts (including expenses and excluding Vat)	68,000	65,000
	<u>68,000</u>	<u>65,000</u>

#### 6. Employees

The Company has no employees (2019: none) and services required are contracted from third parties.

The directors received no remuneration from the Company in respect of qualifying services rendered during the year (2019: none).

CSC Capital Markets UK Limited as corporate service provider received fees of £14,636 (2019 £17,421) during the financial year of which a portion represents directorship services provided by the directors of the company who are also employees of the corporate service provider. The directors are not paid directly by the Company but their directorship services are reflected in their salary received from the corporate service provider.

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**CANTERBURY FINANCE NO.1 PLC**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

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**7. Fair value movement in derivative instruments**

	<b>2020</b> <b>£</b>	<b>2019</b> <b>£</b>
Movement in fair value	(5,383,745)	509,682
<b>Fair value at year end</b>	<u>(5,383,745)</u>	<u>509,682</u>

The Company and Lloyds Bank Corporate Markets PLC entered into an interest rate swap agreement whereby the Company would pay a fixed rate of interest on a notional balance to hedge against adverse movements in the interest rate on the Loan Notes. The end date for the agreement is 16 August 2023.

**8. Taxation**

	<b>2020</b> <b>£</b>	<b>2019</b> <b>£</b>
<b>Corporation tax</b>		
Current tax on profits for the year	(228)	(57)
<b>Total current tax</b>	<u>(228)</u>	<u>(57)</u>
<b>Deferred tax</b>		
<b>Total deferred tax</b>	<u>-</u>	<u>-</u>
<b>Taxation on loss on ordinary activities</b>	<u>(228)</u>	<u>(57)</u>

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## CANTERBURY FINANCE NO.1 PLC

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

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#### 8. Taxation (continued)

##### Factors affecting tax charge for the year

The tax assessed for the year is the same as the standard rate of corporation tax in the UK of 19% (2019 - 19%). The differences are explained below:

	2020 £	2019 £
Profit on ordinary activities before tax	1,200	300
Profit on ordinary activities multiplied by standard rate of corporation tax in the United Kingdom of 19% (2019: 19%)	228	57
Effects of:	228	57
Tax charge for the year	228	57

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 corporation tax on its accounting profit nor recover tax on its loss. Instead, the Company is required to pay tax based on its retained profits of £300 for each interest payment date. The standard rate of Corporation Tax in the UK changed from 20% to 19% with effect from 1 April 2017. Accordingly, the Company's profit for this financial year are taxed at the effective rate of 19%. Changes to the UK corporation tax rates were substantively enacted as part of Finance Bill 2015 (on 26 October 2015) and Finance Bill 2016 (on 7 September 2016).

#### 9. Investments

The Company was incorporated on the 13 July 2018 as a special purpose vehicle for the purpose of purchasing the beneficial title to and interest in certain mortgage loans comprised in a Mortgage Portfolio, collateralised on residential property located in the United Kingdom pursuant to the Loan Sale Agreement for a total of £505,755,168. The Mortgage Portfolio is secured with a portfolio of residential mortgage loans (the "Mortgage Portfolio").

The loans were originated by OneSavings Bank PLC. At the date of purchase of the Mortgage Portfolio and up to the financial period ending 31 December 2019, the Seller retained substantially all the risks and rewards of ownership of the Mortgage Portfolio and therefore its transfer to the Company was accounted for as a financing transaction ("a deemed loan"). On 17 January 2020, the Seller sold the Class A2 and on 23 January 2020 the Seller sold Class X (RFN) Notes thereby forfeiting the risks and rewards to the Mortgage Portfolio. The sale resulted in OneSavings Bank PLC having no remaining interest in the Company. As the Seller sold their residual interest, Canterbury Finance No.1 PLC now has direct exposure to the mortgages in the portfolio. As a result, the results from the Company will not be consolidated into the Group accounts of OneSavings Bank PLC for year end 31 December 2020 and the Mortgage Portfolio has been recognised on the Statement of Financial Position of the Company in 2020.

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CANTERBURY FINANCE NO.1 PLC

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020

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9. Investments (continued)

	2020 £	2019 Restated* £
<b>Mortgage Portfolio</b>		
Mortgage Portfolio balance	379,199,949	-
Premium on Mortgage Portfolio	4,941,849	-
IFRS 9 Provision on Mortgage Portfolio	(1,506,695)	-
Gross deemed loan balance	-	470,801,314
Subordinated loan (Note Class RFN)	-	(7,512,000)
Deferred consideration balance	-	(4,249,002)
<b>Balance as at 31 December 2020</b>	<b>382,635,103</b>	<b>459,040,312</b>

As at 31 December 2020, the total outstanding balance of the Mortgage Portfolio is £382,653,103 (2019: Gross Deemed Loan £470,801,314) which includes repayments in the financial year to date and unwinding of the premium on purchase.

In order to provide additional credit enhancement, the unpaid deferred purchase consideration the Note Class RFN, being the subordinated loan note was offset against the Deemed Loan for the financial period end 31 December 2019. Following derecognition, the subordinated loan note have been presented under creditors as Loan Notes for the current financial year (see Note 14).

\*The Company has changed the classification of £88m of mortgage assets from Debtors: Amounts falling within one year to fixed asset investments, in-line with the disclosure requirements of FRS 102 and Companies Act 2006. See Note 2.2 to the accounts for further details.

The Mortgage Portfolio has been split into staging criteria as per IFRS for calculation of ECL in the accounts of the Seller.

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CANTERBURY FINANCE NO.1 PLC

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020

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9. Investments (continued)

**Mortgage Portfolio**

The table below shows the Mortgage Portfolio, inclusive of IFRS 9 provision of £1,506,695 by IFRS 9 stage. No comparative amounts have been provided for 2019 as the Company classified the Mortgage Portfolio as a Deemed Loan to the Seller and as such the entire Deemed Loan is classified under Stage 1.

	2020 £
<b>Gross carrying amount</b>	
Stage 1	323,555,230
Stage 2	55,627,088
Stage 3	2,453,742
Stage 3 (POCI)	999,043
	<u>382,635,103</u>

The table below provides a contractual repayment maturity analysis of the Company's Mortgage Portfolio. In 2019, the Company did not recognise the Mortgage Portfolio on the balance sheet. The comparative below represents the contractual repayment maturity analysis of the collateral supporting the Gross Deemed Loan.

	2020 £	2019 £
One to five years	3,648,189	2,496,844
More than five years	378,986,914	468,304,470
	<u>382,635,103</u>	<u>470,801,314</u>

The actual repayment profile may differ from the analysis above since many Mortgage Portfolio are repaid prior to the contractual end date.

**CANTERBURY FINANCE NO.1 PLC**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

**9. Investments (continued)**

The table below shows the movement in the Mortgage Portfolio by IFRS 9 stage during the year:

	Stage 1 £	Stage 2 £	Stage 3 £	Stage 3 (POCI) £	Total £
At January 2020	-	-	-	-	-
Additions	463,344,479	-	-	1,083,361	464,427,840
Repayments and write offs	(83,178,657)	(1,955,946)	-	19,881	(85,114,722)
Loan book movements	(58,789,628)	60,966,027	2,652,281	-	4,828,680
Transfers: - To Stage 1:	528,093	(481,098)	(46,995)	-	-
- To Stage 2:	1,960,469	(1,956,402)	(4,067)	-	-
- To Stage 3:	-	1,423	(1,423)	-	-
<b>At 31 December 2020</b>	<b>323,864,756</b>	<b>56,574,004</b>	<b>2,599,796</b>	<b>1,103,242</b>	<b>384,141,798</b>

The Company's ECL by IFRS 9 stage is shown below:

	2020 £
Stage 1	309,526
Stage 2	946,917
Stage 3	146,053
Stage 3 (POCI)	104,199
	<b>1,506,695</b>

**CANTERBURY FINANCE NO.1 PLC**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

**9. Investments (continued)**

The table below shows the movement in the ECL by IFRS 9 stage during the year. ECLs on originations reflect the IFRS 9 stage of loans originated during the year as at 31 December and not the date of origination. Re-measurement of loss allowance relates to existing loans which did not redeem during the year and includes the impact of loans moving between IFRS 9 stages.

	Stage 1 £	Stage 2 £	Stage 3 £	Stage 3 (POCI) £	Total £
At January 2020	-	-	-	-	-
Additions	297,062	-	-	81,331	378,393
Repayments and write offs	(1,188,987)	(44,705)	-	22,868	(1,210,825)
Re-measurement of loss allowance	2,241,715	210,854	(113,442)	-	2,339,127
Transfers:					
- To Stage 1:	(1,006,432)	806,291	200,142	-	-
- To Stage 2:	(33,832)	(12,671)	46,503	-	-
- To Stage 3:	-	(12,851)	12,850	-	-
<b>At 31 December 2020</b>	<b>309,526</b>	<b>946,918</b>	<b>146,053</b>	<b>104,199</b>	<b>1,506,695</b>
					<b>2020</b>
					<b>£</b>
Increase in provisions					(1,128,302)
					(1,128,302)

As explained in Note 9, the Mortgage Portfolio was recognised on 17 January 2020 and the Deemed Loan asset was derecognised. Accordingly, the gross carrying value and ECL movement table under IFRS 9 has been presented for 2020.

At the date of purchase of the Mortgage Portfolio and up the financial period ending 31 December 2019, the Seller retained substantially all the risks and rewards of ownership of the Mortgage Portfolio and therefore its transfer to the Company was accounted for as a financing transaction ("a deemed loan").



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## CANTERBURY FINANCE NO.1 PLC

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

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#### 10. Debtors: amounts falling due within one year

	2020 £	2019 Restated* £
Loans due within one year	-	-
Fair value of derivative	-	509,682
Other debtors	12,501	12,501
	<u>12,501</u>	<u>522,183</u>

\* The Company has changed the classification of £88,078,887 of Mortgage Portfolio from Debtors: Amounts falling due after more than one year to fixed asset investments, in-line with the disclosure requirements of FRS 102 and Companies Act 2006. See Note 2 to the accounts for further details. .

The ECL on other debtors was considered immaterial. Further detail on the fair value of derivative is outlined in Note 13.

#### 11. Cash and cash equivalents

	2020 £	2019 £
Cash at bank and in hand	29,370,886	19,930,812
	<u>29,370,886</u>	<u>19,930,812</u>

Included in the cash balance is an amount in relation to the General Reserve fund as outlined in the securitisation agreements as an additional form of credit enhancement for the Noteholders. At 31 December 2020, this balance is £7,501,080 (2019: £7,501,080). Funds within the General Reserve accounts are restricted and only used in line with the criteria as outlined in the Company's transaction documents. All withdrawals from the Company's bank accounts is restricted by the detailed priority of payments set out in the securitisation agreements. All cash of the Company is held with the Citibank London Branch. The Short-term credit rating supplied by Moody's of the Citibank London Branch as of 31 December 2020 is A3 (2019: A3).

The cash and cash equivalent were considered for the ECL calculation and do not have any material impact.

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## CANTERBURY FINANCE NO.1 PLC

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

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#### 12. Creditors: Amounts falling due within one year

	2020 £	2019 £
Accrued Note interest	(796,362)	(1,266,906)
Audit fee accrual	(68,000)	(65,000)
Other creditors	(40,057)	(93,447)
Corporation tax payable	(285)	(57)
Deferred consideration	(3,769,059)	-
Fair Value of Derivative	(3,715,944)	-
	<u>(8,389,707)</u>	<u>(1,425,410)</u>

Due to the sale of the Sellers holdings in the Class A2 and X (RFN) Notes in January 2020 the Seller forfeited the risks and rewards to the Mortgage Portfolio., which resulted in OneSavings Bank PLC having no remaining interest in the Company. As a result, Deferred consideration was reclassified from investments to Creditors: Amounts falling due within one year.

#### 13. Fair value of interest rate swap

At the year end the Company has an interest rate swap contracts with total notional principal value of £362,580,639 (2019: £428,339,419) to hedge the risk of variable interest rates on the Loan Notes. The fair values of such interest rate swap contracts are calculated by discounting future cash flows using appropriate and observable market data.

Financial instruments that are measured in the Statement of Financial Position at fair value are required to be put into a fair value measurement hierarchy based on fair value measurement as detailed below:

Level 1 Quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices)

Level 3 Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs)

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. The only financial instruments included in the Company's Statement of Financial Position that are measured at fair value are derivative transactions. As the fair value of such derivatives is calculated by discounting future cashflows using appropriate and observable market data, these fall within Level 2 of the hierarchy, being an interest rate swap.

## CANTERBURY FINANCE NO.1 PLC

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

#### 14. Creditors: Amounts falling due after one year

	2020 £	2019 £
Loan Notes	(403,615,067)	(478,055,153)
	<u>(403,615,067)</u>	<u>(478,055,153)</u>

To fund the purchase of the Mortgage Portfolio, the Company issued £515,072,000 floating rate notes listed on the Irish Stock Exchange on 12 July 2019. The Loan Notes have a maturity date of May 2056. Total Loan Notes outstanding at 31 December 2020 were £403,615,067 (2019: £478,055,153). The movement is due to repayments on the Mortgage Portfolio.

During the Financial year, the Company repaid £81,952,086 (2019: £29,504,847) on the Notes. The Loan Notes are also listed on the Irish Stock Exchange and are presented as creditors falling due after one year from the Statement of Financial Position date. The maturity dates of the Loan Notes is May 2056.

A summary of the Loan Notes is outlined in the table below:

	ISIN	Loans Outstanding £	Repayments & Discounts £	Closing Balance £	Applicable Interest at 31 December 2020 %
<b>2020</b>					
Note Class A1	XS1876157048	(174,020,306)	77,106,237	(96,914,069)	1.2247
Note Class A2	XS2020619230	(222,530,000)	-	(222,530,000)	1.4047
Note Class B	XS1876157394	(22,500,000)	-	(22,500,000)	2.0547
Note Class C	XS1876157477	(22,500,000)	-	(22,500,000)	2.4547
Note Class D	XS1876157634	(12,500,000)	-	(12,500,000)	2.9047
Note Class E	XS1876157717	(12,500,000)	-	(12,500,000)	3.8047
Note Class F	XS1876157980	(7,512,000)	-	(7,512,000)	0.0000
Note Class X (RFN)**	XS1876158012	(11,504,847)	4,845,849	(6,658,998)	4.4047
		<u>(485,567,153)</u>	<u>81,952,086</u>	<u>(403,615,067)</u>	

\*\* Note Class F was incorrectly labelled as the RFN Note in the 2019 financial statements. The Class X Note is correctly classified as the RFN Note.

**CANTERBURY FINANCE NO.1 PLC**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

**14. Creditors: Amounts falling due after one year (continued)**

		Loans	Repayments	Closing	Applicable
	ISIN	Outstanding	& Discounts	Balance	Interest at
	£	£	£	£	31 December 2019 %
<b>2019</b>					
Note Class A1	XS1876157048	(200,030,000)	26,009,694	(174,020,306)	1.8813
Note Class A2	XS2020619230	(222,530,000)	-	(222,530,000)	2.0613
Note Class B	XS1876157394	(22,500,000)	-	(22,500,000)	2.7113
Note Class C	XS1876157477	(22,500,000)	-	(22,500,000)	3.1113
Note Class D	XS1876157634	(12,500,000)	-	(12,500,000)	3.5613
Note Class E	XS1876157717	(12,500,000)	-	(12,500,000)	4.4613
Note Class X	XS1876158012	(15,000,000)	3,495,153	(11,504,847)	5.0613
		<u>(507,560,000)</u>	<u>29,504,847</u>	<u>(478,055,153)</u>	

The maturity profile of the Loan Notes is detailed below under Note 17 - "Liquidity Risk".

The Company makes payments on the Loan Notes from receipts from the underlying Mortgage Portfolio comprising of mortgage loans originated by One Savings Bank PLC secured over residential properties in England and Wales. Payments to the Noteholders are limited to receipts from the Mortgage Portfolio.

**15. Called up share capital**

	2020 £	2019 £
<b>Called up, allotted and issued</b>		
Ordinary shares of £1 each: 49,999 - quarter paid	12,500	12,500
1 ordinary share of £1: fully paid	1	1
	<u>12,501</u>	<u>12,501</u>

Canterbury Finance Holdings No.1 Limited is the sole member of the Company. All shares were issued at par; 1 share was issued on incorporation and 49,999 partly paid shares were issued on 23 August 2018.

## CANTERBURY FINANCE NO.1 PLC

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

#### 16. Financial instrument: Category:

The table below categorises the financial instruments into different classes of financial assets and financial liabilities as prescribed under IFRS 9.

	Amortised Cost £	Fair value through Profit and Loss account £	Total £
<b>2020</b>			
Investment	382,635,103	-	382,635,103
Debtors	12,501	-	12,501
Interest rate swap	-	(3,715,944)	(3,715,944)
Cash and cash equivalents	29,370,886	-	29,370,886
Loan Notes	(403,615,067)	-	(403,615,067)
Other creditors	(4,673,763)	-	(4,673,763)
	<u>3,729,660</u>	<u>(3,715,944)</u>	<u>13,716</u>

	Amortised Cost £	Fair value through Profit and Loss account £	Total £
<b>2019</b>			
Deemed Loan	459,040,312	-	459,040,312
Debtors	12,501	-	12,501
Interest rate swap	-	509,682	509,682
Cash and cash equivalents	19,930,812	-	19,930,812
Loan Notes	(478,055,153)	-	(478,055,153)
Other creditors	(1,425,410)	-	(1,425,410)
	<u>(496,938)</u>	<u>509,682</u>	<u>12,744</u>

#### 17. Financial instruments

The Company's exposure to risks on its financial instruments and the management of such risks are largely determined from the inception of the securitisation transaction. The Company's activities and the role of each party to the transaction are clearly defined and documented. Cash flow modelling, including multiple stress scenarios, is carried out as part of the structuring of the transaction, and is required by the rating agencies to establish appropriate rating levels for the Loan Notes. Following initial set up, the directors monitor the Company's performance, reviewing reports on the performance of the Mortgage Portfolio. Such review is designed to ensure that the terms of the transaction documentation have been met, that no unforeseen risks have arisen and that the Noteholders have been paid on a timely basis.

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**CANTERBURY FINANCE NO.1 PLC**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

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**17. Financial instruments (continued)****Credit Risk**

Credit risk reflects the risk that the underlying borrowers will not be able to meet their obligations on the Loans as they fall due and will cause a financial loss by failing to discharge an obligation.

The Company's business objective rests on the purchase of a Mortgage Loan Portfolio. The Company considers the evaluation of the underlying borrower's ability to service the Mortgage Portfolio according to its terms to be the principal factor in assessing credit risk and the decision to acquire the Mortgage Portfolio.

The Mortgage Portfolio is secured by residential properties in the United Kingdom. Credit risk is also mitigated due to the fact the Company is limited in recourse whereby the Loan Notes are only payable to the extent of funds received from the Mortgage Portfolio and also the establishment of the General Reserve Fund as outlined in Note 11.

The maximum exposure to credit risk taking into account the lower of current indexed market values of collateral and the carrying value of the loan is disclosed in the table below.

	<b>Carrying Value 2020 £</b>	<b>Maximum Exposure 2020 £</b>	<b>Carrying Value 2019 £</b>	<b>Maximum Exposure 2019 £</b>
<b>Assets</b>				
Investments	382,635,103	382,635,103	459,040,312	459,040,312
Cash at bank	29,370,886	29,370,886	19,930,812	19,930,812
Other Debtors	12,501	12,501	522,183	522,183
	<u>412,018,490</u>	<u>412,018,490</u>	<u>479,493,307</u>	<u>479,493,307</u>

The cash at bank is held with the Citibank London Branch. Citibank London Branch has been rated BBB+ by Standard & Poor's and has been given an A3 rating by Moody's. The other debtors is predominantly made up of interest on the Mortgage Portfolio.

**CANTERBURY FINANCE NO.1 PLC**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

**17. Financial instruments (continued)**

**Credit Risk (continued)**

The credit quality of the Mortgage Portfolio (2019: Gross Deemed Loan) as at 31 December 2020 is summarised as per the table below. In 2019, the Mortgage Portfolio was held as collateral for the Gross Deemed Loan.

	Carrying Value 2020 £	Carrying Value 2019* £
<b>Mortgage Portfolio (net of ECL Provision)</b>		
Not overdue	373,616,133	466,327,233
Up to 1 month overdue	2,926,338	3,083,476
From 1 to 2 months overdue	3,089,245	908,179
From 3 to 6 months overdue	2,446,916	482,426
Greater than 6 month overdue	556,471	-
	<u>382,635,103</u>	<u>470,801,314</u>

\*The 2019 amounts have been restated between the the varying buckets to more accurately reflect the arrears balances based on a new methodology applied for the 2020 year end accounts.

If a borrower defaults on a loan, the Company will receive asset realisation proceeds equivalent to the value of the asset at the time of sale less costs of sale. If it is difficult to find a purchaser for the assets, this may affect the value.

The staging analysis for the Mortgage Portfolio in the accounts of the Seller is detailed below:

	IFRS 9 Stage 1 £	IFRS 9 Stage 2 £	IFRS 9 Stage 3 £	IFRS 9 Stage 3 (POCI) £	Total £
<b>2020</b>					
Outstanding gross Mortgage Portfolio balance	323,864,755	56,574,005	2,599,796	1,103,242	384,141,798
ECL provision	(309,526)	(946,917)	(146,054)	(104,199)	(1,506,695)
<b>Net mortgage pool balance</b>	<u>323,555,229</u>	<u>55,627,088</u>	<u>2,453,742</u>	<u>999,043</u>	<u>382,635,103</u>

## CANTERBURY FINANCE NO.1 PLC

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

#### 17. Financial instruments (continued)

##### Credit Risk (continued)

In 2019 the entire Gross Deemed Loan was classified at stage 1. The underlying Mortgage Portfolio, which was the collateral within the Deemed Loan, was classified as follows:

	IFRS 9 Stage 1 £	IFRS 9 Stage 2 £	IFRS 9 Stage 3 £	IFRS 9 Stage 3 (POCI) £	Total £
<b>2019</b>					
Outstanding gross Mortgage Portfolio balance	460,927,704	9,019,233	1,043,059	-	470,989,996
ECL provision	(65,943)	(71,614)	(51,125)	-	(188,682)
<b>Net mortgage pool balance</b>	<b>460,861,761</b>	<b>8,947,619</b>	<b>991,934</b>	<b>-</b>	<b>470,801,314</b>

Calculated in accordance with IFRS 9 the underlying mortgages have estimated expected credit losses ("ECL") of £1,506,695 (2019: £188,682) - £309,526 (2019: £65,962) of ECL relating to Stage 1, £946,917 (2019: £71,614) of ECL relating to Stage 2, £146,054 (2019: £51,125) of ECL relating to Stage 3 and £104,199 (2019: £0) of ECL relating to Stage 3 (POCI).

The weighted average LTV of the loans in the Mortgage Portfolio is 69.54% (2019: 70.65%) at the financial year end. The table below analyses the LTV of the Mortgage Portfolio at 31 December 2020:

	2020 £	2019* £
<b>LTV of Mortgage Portfolio net of ECL Provision (2019: Mortgage Portfolio held as collateral against Deemed Loan) %</b>		
0-19	398,103	524,061
20-39	9,035,301	9,294,957
40-59	59,224,448	57,288,913
60-79	293,440,369	343,162,823
80-100	20,537,182	60,530,560
	<b>382,635,403</b>	<b>470,801,314</b>

\* The 2019 amounts have been restated between the LTV buckets to more accurately reflect the LTV amounts based on a new methodology applied for the 2020 year end accounts.

##### Liquidity Risk

Liquidity risk is defined as the risk of being unable to fulfil current or future payment obligations in full on the due date. The objective of the Company's liquidity management is to ensure the sufficient funds are available to meet the Company's commitments. Liquidity risk is minimised by the fact that the collateral underlying the Mortgage Portfolio is of a good quality and provides a steady cash flow for the Company to discharge all expenses.



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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

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**Financial instruments (continued)**

**Liquidity Risk (continued)**

The table below analyses the undiscounted cashflows of the financial liabilities at the Statement of Financial Position date into relevant maturity groupings. The calculations have been based on the interest rates effective at the Statement of Financial Position date.

	<b>1 month to 3 months £</b>	<b>4 months to 2 years £</b>	<b>Over 2 years £</b>	<b>Gross cashflows £</b>
<b>2020</b>				
Loan Notes	-	-	(403,615,067)	(403,615,067)
Accrued interest payable on Notes	(1,614,846)	(11,303,923)	(4,306,256)	(17,225,025)
	<u>(1,614,846)</u>	<u>(11,303,923)</u>	<u>(407,921,323)</u>	<u>(420,840,092)</u>
	<b>1 month to 3 months £</b>	<b>4 months to 2 years £</b>	<b>Over 2 years £</b>	<b>Gross cashflows £</b>
<b>2019</b>				
<b>(Restated)*</b>				
Loan Notes	-	-	(478,055,153)	(478,055,153)
Accrued interest payable on Notes	(2,688,537)	(18,523,080)	(10,972,919)	(32,184,536)
	<u>(2,688,537)</u>	<u>(18,523,080)</u>	<u>(489,028,072)</u>	<u>(510,239,689)</u>

\* The 2019 balances have been restated to reflect the fact that the maturity date of the Loan Notes is greater than 2 years and no principal repayments are due to be repaid before then.

**Currency Profile**

All of the Company's financial assets and liabilities are denominated in Pound Sterling. The Company considers currency risk negligible due to all assets and liabilities denominated in Pound Sterling and have therefore not prepared an analysis of interest rate sensitivity.

**Market Risk**

Market risk is defined as the potential loss in value or earnings of an organisation arising from changes in external market factors.

## CANTERBURY FINANCE NO.1 PLC

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

#### 17. Financial instruments (continued)

##### Interest Rate Risk

The Company is exposed to interest rate risk where the Mortgage Portfolio and the Loan Notes have interest rates set under a different basis or which reset at different times. The Company minimises its exposure to interest rate risk by ensuring that the interest rate characteristics of its assets and liabilities are similar and by entering into an interest rate swap agreement to hedge against any adverse movements on the Loan Notes. At the date of approving these Financial Statements, the impact for interest rate sensitivity is not expected to be material for the Company.

The sensitivity analysis has been determined based on the Company's exposure to interest rates for interest bearing assets and liabilities (included in the interest rate exposure table below) at the reporting date and the stipulated changes taking place at the beginning of the financial year and held constant throughout the reporting period in the case of instruments that have floating rates. If interest earned on the Securitised Mortgage Portfolio had been 0.5% higher or lower on the underlying collateral and all other variables were held constant interest income would have increased/decreased by €836,658 which would be distributed/offset to the Noteholders in accordance with contractual terms. The Company has limited exposure to interest rate risk as the payment on the Loans and Notes are limited in recourse to receipt of funds on the Securitised Mortgage Portfolio.

The table below summarises the interest sensitivity gap:

	Fixed Interest Rate £	Floating Interest Rate £	Non-Interest Bearing £	Total £
<b>2020 Assets</b>				
Investments	382,635,103	-	-	382,635,103
Debtors	-	-	12,501	12,501
Cash	-	-	29,370,886	29,370,886
<b>Total Assets</b>	<b>382,635,103</b>	<b>-</b>	<b>29,383,387</b>	<b>412,018,490</b>
<b>Liabilities</b>				
Loan Notes	-	(403,615,067)	-	(403,615,067)
Interest Payable on Loan Notes	-	-	(796,362)	(796,362)
Accrued Expenses	-	-	(3,877,401)	(3,877,401)
Fair value of derivative	(3,715,944)	-	-	(3,715,944)
<b>Total Liabilities</b>	<b>(3,715,944)</b>	<b>(403,615,067)</b>	<b>(4,673,763)</b>	<b>(412,004,774)</b>
<b>Interest Rate Sensitivity Gap</b>	<b>378,919,159</b>	<b>(403,615,067)</b>	<b>24,709,624</b>	<b>13,716</b>

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**CANTERBURY FINANCE NO.1 PLC**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

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**17. Financial instruments (continued)**

**Interest Rate Risk (continued)**

	Fixed Interest Rate £	Floating Interest Rate £	Non-Interest Bearing £	Total £
<b>2019 Assets</b>				
Deemed Loan	459,040,312	-	-	459,040,312
Debtors	-	-	12,501	12,501
Fair value of derivative	509,682	-	-	509,682
Cash	-	-	19,930,812	19,930,812
<b>Total Assets</b>	<b>459,549,994</b>	<b>-</b>	<b>19,943,313</b>	<b>479,493,307</b>
<b>Liabilities</b>				
Loan Notes	-	(478,055,153)	-	(478,055,153)
Interest Payable on Loan Notes	-	-	(1,266,906)	(1,266,906)
Accrued Expenses	-	-	(158,504)	(158,504)
<b>Total Liabilities</b>	<b>-</b>	<b>(478,055,153)</b>	<b>(1,425,410)</b>	<b>(479,480,563)</b>
<b>Interest Rate Sensitivity Gap</b>	<b>459,549,994</b>	<b>(478,055,153)</b>	<b>18,517,903</b>	<b>12,744</b>

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**CANTERBURY FINANCE NO.1 PLC**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

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**17. Financial instruments (continued)**

**Interest Rate Risk (continued)**

Interest on the book value of liabilities is determined and payable monthly in arrears at the following rates for three month Sterling deposits which are detailed below. Management has assumed that Company will exercise Optional redemption option under transaction document and repay the loans in August 2023.

	Note Balance £	Interest Rate %	1 month to 3 months £	4 months to 2 years £	Over 2 years £
<b>2020</b>					
Note Class A1	(96,914,069)	1.2247	(296,726)	(2,077,087)	(791,271)
Note Class A2	(222,530,000)	1.4047	(781,470)	(5,470,288)	(2,083,919)
Note Class B	(22,500,000)	2.0547	(115,577)	(809,038)	(308,205)
Note Class C	(22,500,000)	2.4547	(138,077)	(966,538)	(368,205)
Note Class D	(12,500,000)	2.9047	(90,772)	(635,403)	(242,058)
Note Class E	(12,500,000)	3.8047	(118,897)	(832,278)	(317,058)
Note Class F (RFN)**	(7,512,000)	0.0000	-	-	-
Note Class X	(6,658,998)	4.4047	(73,327)	(513,291)	(195,539)
	<u>(403,615,067)</u>		<u>(1,614,846)</u>	<u>(11,303,923)</u>	<u>(4,306,255)</u>

\*\* Note Class F was incorrectly labelled as the RFN Note in the 2019 financial statements. The Class X Note is correctly classified as the RFN Note.

## CANTERBURY FINANCE NO.1 PLC

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

	Note Balance £	Interest Rate %	1 month to 3 months £	4 months to 2 years £	Over 2 years £
<b>2019</b>					
Note Class A1	(174,020,306)	1.8809	(818,287)	(5,625,962)	(3,206,432)
Note Class A2	(222,530,000)	2.0609	(1,146,530)	(7,842,873)	(4,040,444)
Note Class B	(22,500,000)	2.7109	(152,488)	(1,064,958)	(785,375)
Note Class C	(22,500,000)	3.1109	(174,988)	(1,222,095)	(901,258)
Note Class D	(12,500,000)	3.5609	(111,278)	(777,950)	(582,174)
Note Class E	(12,500,000)	4.4609	(139,403)	(974,573)	(729,316)
Note Class X	(11,504,847)	5.0609	(145,562)	(1,017,735)	(762,716)
	<u>(478,055,153)</u>		<u>(2,688,536)</u>	<u>(18,526,146)</u>	<u>(11,007,715)</u>

Under the terms of the documentation governing the transaction, payments of interest are limited to the extent that sufficient revenue receipts are available following the payment of interest and principal due on the non-subordinated liabilities.

Management monitors the headroom between the Mortgage Portfolio and the Loan Notes to ensure the risk is managed. The Company considers that the interest rate risk exposure is limited and therefore has not presented a sensitivity analysis.

#### 18. Ultimate parent undertaking

The entire share capital of the Company is held by Canterbury Finance Holdings No.1 Limited, a company registered in England and Wales with registration number 11464046 and its registered address at 10th Floor 5 Churchill Place, London, E14 5HU, England. The entire beneficial interest in the share capital of Canterbury Finance Holdings No.1 Limited is held by its legal parent CSC Corporate Services (UK) Limited on a discretionary trust basis for the benefit of certain charities.

OneSavings Bank Plc has no direct ownership interest in the Company. On 17 January 2020, the Seller sold the Class A2 and on 23 January 2020 the Seller sold Class X (RFN) Notes thereby forfeiting the risks and rewards to the Mortgage Portfolio. The sale resulted in OneSavings Bank PLC having no remaining interest in the Company. As the Seller sold their residual interest, Canterbury Finance No.1 PLC now has direct exposure to the mortgages in the portfolio. As a result, the results from the Company will not be consolidated into the Group accounts of OneSavings Bank PLC for year end 31 December 2020 and the Mortgage Portfolio has been recognised on the Statement of Financial Position of the Company in 2020.

#### 19. Related party transactions

CSC Capital Markets UK Limited entered into an agreement with the Company to certain corporate administrative services, bookkeeping and accounting services to the Company. During the financial year the Company incurred fees of £14,636 (2019 £17,421) from CSC Capital Markets UK Limited which is outstanding in its entirety at the financial year end. These fees are not secured and no guarantee is given or received in this respect. There were no fees paid to directors by the administrator as a directors' fee.

#### 20. Post balance sheet events

There have been no other significant events since the end of the financial period which require disclosure in these financial statements.

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## **CANTERBURY FINANCE NO.1 PLC**

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### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020**

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#### **21. Capital risk management**

The capital managed by the Company comprises of ordinary shares outstanding and the Loan Notes issued and outstanding as at year end. The Company is not subject to externally imposed capital requirements.

The Company manages its capital to ensure that it is able to continue as a going concern while maximising the return to Noteholders through the optimisation of debt and equity balance.

There were no changes to the policies and procedures during the year with respect to the Company's approach to capital management program.

#### **22. Contingent liabilities and commitments**

There were no contingent liabilities or commitments as of 31 December 2020. Contingent liabilities are assessed continually to determine whether transfers of economic benefits have become probable. Where future transfers of economic benefits charge from previous disclosed contingent liabilities, provisions are recognised in the year in which the changes in probability occur.