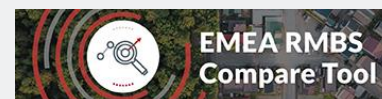


CMF 2023-1



Capital Structure

Class	Expected Rating	Outlook	Amount (m)	CE (%)	Interest Rate (%)	Legal Final Maturity
A	AAA(EXP)sf	Stable	TBD	10.0	SONIA+ TBD	January 2060
Z	NR	NA	TBD	0.0	0.0	January 2060
X	NR	NA	TBD	NA	SONIA + TBD	January 2060
Total			TBD			

Note: Credit enhancement (CE) provided by subordination of junior ranking notes and the cash reserve balance.

CMF 2023-1 PLC is a securitisation of owner-occupied (OO) mortgages originated by Charter Court Financial Services Limited (CCFS). The loans are secured by properties located in England, and Wales, and will be serviced by CCFS.

Key Rating Drivers

Positive Selection: All loans are selected based on prior adverse credit history characteristics that are more stringent than the standard Tier 1 and Tier 2 requirements.

The loans have been granted to borrowers with full income verification, full property valuations, and with clear lending policies. A lender adjustment of 1.0x, reduced from 1.05x at the CMF 2020-1 issuance, has been applied due to the consistent performance of the CCFS OO book and the positive selection of the pool supported by three further years of performance data up to February 2023.

Recent Origination: The weighted average (WA) seasoning of the pool is around 12 months as of the cut-off date. The portfolio is lowly-seasoned, with circa 86% being originated since 2020. The pool has a WA original loan-to-value (OLTV) of 75.1%, a WA sustainable loan-to-value (sLTV) of 88.3% and a Fitch Ratings-calculated WA debt-to-income ratio (DTI) of 41.4%. The pool also has a WA-indexed current LTV (CLTV) of 68.3% reflecting the older vintages which have benefited from some form of house price appreciation.

Self-Employed Borrowers: CCFS may choose to lend to self-employed individuals with only one year's income verification. Fitch believes this practice is less conservative than that of other prime, high street lenders.

Self-employed borrowers represent 34.5% of the pool. An increase of 30% to the foreclosure frequency (FF) for self-employed borrowers with verified income was applied instead of the typical 20% increase, in line with Fitch's criteria.

Liability Structure: Unlike the previous CMF 2020-1 issuance, CMF 2023-1 features an A-Z note structure with no mezzanine or junior rate notes. While there is no liquidity reserve fund, a general reserve fund will be available to cover senior fees, swap payments, class A notes interest, and class A notes principal deficiency ledger (PDL).

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This presale report reflects information in Fitch's possession at the time that Fitch's expected ratings are issued. The transaction has yet to be finalised and changes could occur. As a result, the expected ratings disclosed in this report do not reflect final ratings, but are solely based on information provided by the issuer as of [date]. These expected ratings are contingent on final documents conforming to information already received. Ratings are not a recommendation to buy, sell or hold any security. The prospectus and other material should be reviewed prior to any purchase.

Fitch's related Rating Action Commentary issued at transaction closing will include final ratings, which will include an assessment of any material information that may have changed subsequent to the publication of the presale.

Ratings are not a recommendation to buy, sell or hold any security. The prospectus and other material should be reviewed prior to any purchase.

[Representations, Warranties and Enforcement Mechanisms Appendix](#)

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Highlights

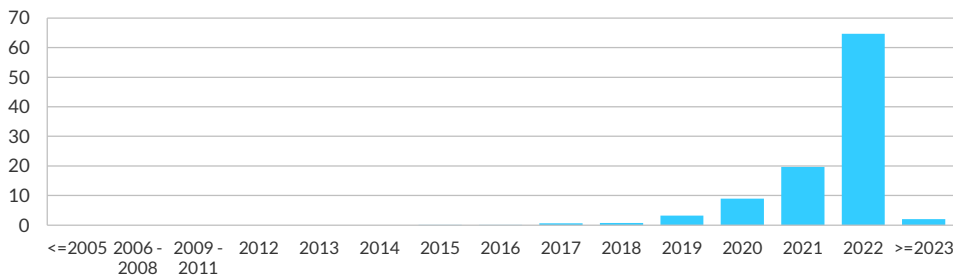
Highlights

Effect	Highlight
+	Fourth CMF Deal: This is the fourth residential owner-occupied pass-through RMBS transaction from CCFS, and the third rated by Fitch following Charter Mortgage Funding 2018-1 PLC and 2020-1 PLC. Performance in CMF transactions has been in line with, or better than, that of peers.
+	Turbo Feature: Interest receipts can be diverted to principal funds from the step-up date onwards at a junior position in the revenue priority of payments. The turbo feature sits below subordinated swap payments, therefore funds may not be available to the turbo in the event of a swap counterparty default.
-	Help-to-Buy Loans: Around a third of the proposed pool comprises Help-to-Buy loans. Fitch has accounted for the equity portion of the loan balance in its sLTV calculation, as described in its <i>UK RMBS Rating Criteria</i> .
Neutral	Libor Reverting Loans: Around 2.6% of the proposed pool will revert to Synthetic Libor at the end of the teaser period. Fitch made no adjustment in its rating analysis for the potential basis risk post-reversion of these loans.

Source: Fitch Ratings

Year of Origination

(% of CBAL)



Source: Fitch Ratings, CMF 2023-1

Key Transaction Parties

Key Transaction Parties

Role	Name	Fitch Rating
Issuer	CMF 2023-1 PLC	Not rated
Originator	Charter Court Financial Services Ltd	BBB/F3
Seller	Charter Court Financial Services Ltd	BBB/F3
Servicer	Charter Court Financial Services Ltd	Not rated
Account bank	Elavon Financial Services DAC	AA-/Stable/F1+
Collection account bank	Barclays Bank Plc	A+/Stable/F1
Cash manager	US Bank Global Corporate Trust Ltd	Not rated
Swap provider	Royal Bank of Canada	AA-/Stable/F1+
Trustee	US Bank Trustees Ltd	Not rated
Arranger	BofA Securities, Inc.	AA/Stable/F1+

Source: Fitch Ratings, CMF 2023-1 PLC

Applicable Criteria

[Structured Finance and Covered Bonds Counterparty Rating Criteria \(March 2023\)](#)

[Structured Finance and Covered Bonds Counterparty Rating Criteria: Derivative Addendum \(August 2022\)](#)

[UK RMBS Rating Criteria \(February 2023\)](#)

[Global Structured Finance Rating Criteria \(March 2023\)](#)

[Structured Finance and Covered Bonds Interest Rate Stresses Rating Criteria \(December 2022\)](#)

[Structured Finance and Covered Bonds Country Risk Rating Criteria \(May 2023\)](#)

Related Research

[Global Housing and Mortgage Outlook - 2023 \(December 2022\)](#)

[UK RMBS Stress Test \(December 2022\)](#)

[Fitch Affirms United Kingdom at 'AA-'; Outlook Negative \(December 2022\)](#)

[Global Economic Outlook - March 2023 \(March 2023\)](#)

[EMEA RMBS Compare Tool](#)

[UK Mortgage Market Index: September 2022](#)

Transaction Comparisons

	CMF 2023-1 PLC	CMF 2020-1 PLC	CMF 2018-1	Grosvenor Square RMBS 2023-1 PLC	Curzon Mortgages PLC
Closing date	tbc	Feb 20	Jun 18	Mar-23	Apr-23
Originator	CCFS	CCFS	CCFS	KMC	NR
WAFF (%) ^a					
AAA _{sf}	20.7	23.1	19.9	25.7	32.0
AA _{sf}	16.7	18.6	16.1	21.2	26.7
A _{sf}	12.7	14.2	11.9	16.7	21.6
BBB _{sf}	8.3	9.3	8.0	11.9	16.1
BB _{sf}	6.0	6.7	4.8	8.9	12.3
B _{sf}	3.3	3.7	3.2	5.5	8.1
WARR (%) ^a					
AAA _{sf}	64.2	56.1	52.4	69.4	70.6
AA _{sf}	71.6	62.9	58.0	76.7	77.3
A _{sf}	78.5	69.6	63.6	83.2	83.3
BBB _{sf}	84.8	76.0	69.2	88.8	88.3
BB _{sf}	88.2	79.9	74.4	91.3	90.9
B _{sf}	88.0	83.5	79.6	92.0	93.2
Collateral balance (GBP)	487,146,844	350,429,747	285,532,264	1,300,940,373	939,005,029
Loan-to-value (%)					
WA sLTV ^a	88.3	99.9	106.3	72.9	67.9
WA OLTV	75.1	77.4	72.5	77.1	95.5
WA CLTV	73.7	76.0	70.7	57.0	53.4
OLTV >=80%	47.6	57.1	34.1	49.5	53.7
Borrower characteristics (%)					
CCJs	0.0	0.0	0.0	13.7	ND
BO/IVA	0.0	0.0	0.0	0	ND
<90 arrears	0.0	0.0	0.0	3.6	12.5
90+ arrears	0.0	0.0	0.0	5.8	10.5
WA DTI ^a	41.4	40.1	49.0	33.0	28.5
Mortgage characteristics (%)					
Buy-to-let (%)	0.0	0.0	0.0	33.0	0.0
Interest-only loans (%) ^b	7.2	6.9	0.0	33.3	52.3
Self-employed (%)	34.5	34.2	35.6	50.4	5.9

Source: Fitch Ratings

Sector Risks: Additional Perspective

Key Sector Risks

Sector or asset outlook	Fitch expects mortgage arrears to increase across all UK RMBS sectors from 4Q22 as inflation leads to falling real wages while rising interest rates result in increased monthly instalments for borrowers. (see EMEA Structured Finance Asset Performance Outlook Deteriorating for All Sectors).
Macro or sector risks	The UK economy narrowly avoided a technical recession in 2022 after stagnating in 4Q22 following a 0.2% contraction in 3Q22. The combination of lower fuel prices, upward revisions to global growth and improvements in activity surveys in February suggest the UK economy remained fairly resilient at the start of 2023. But a recession is still on the cards for 2023 as the full impact on real incomes and policy tightening becomes clear. (See Global Economic Outlook - March 2023).
Relevant research	See Fitch Affirms United Kingdom at 'AA-'; Outlook Negative for Fitch's forecasts for the UK economy. For further considerations on the UK mortgage market trends, see Global Housing and Mortgage Outlook- 2023 and the UK Mortgage Market Index: September 2022

Source: Fitch Ratings

Asset Analysis

Prime Underwriting

CCFS's underwriting criteria in respect to loans in the mortgage pool are well-aligned to Fitch's expectations for prime mortgage originations. Such expectations include no previous adverse credit behaviour, full income verification, full property valuations with robust audit checks and a clear lending policy with stringent controls and quality assurance (QA) procedures.

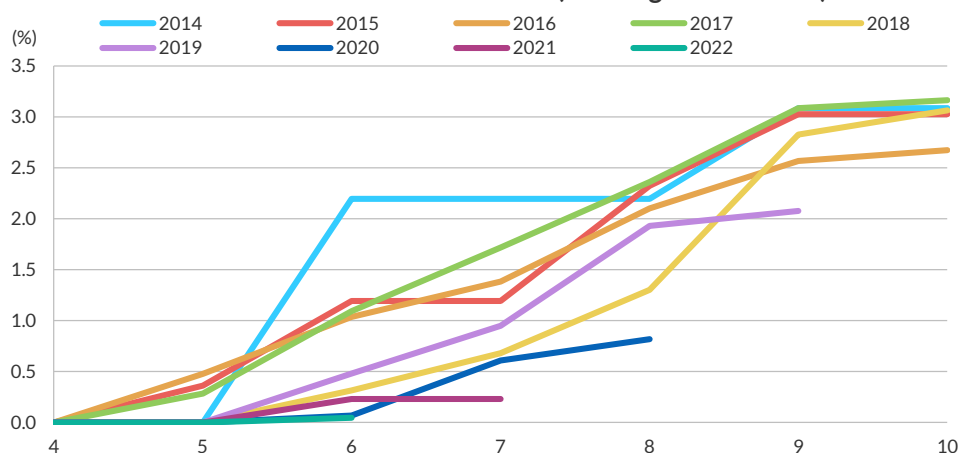
In addition, CCFS has selected loans in the pool where borrowers have met credit history criteria that are more stringent than in CCFS's standard Tier1 and Tier 2 requirements. Such loans include borrowers that have not been in arrears since loan origination, have not entered into debt arrangement schemes, and do not have county court judgements (CCJ) six years prior to loan origination (see [Appendix A](#)).

Fitch used its prime matrix to derive the base FF for these loans.

Originator Adjustment

Fitch applied an originator adjustment of 1.0x due to trends in the historical data, which include three additional years of observations, and show that Liquidity Coverage Ratio (LCR) eligible loans originated by CCFS, and which form part of the proposed mortgage pool, have in general outperformed the total OO book. Furthermore, the performance of OO loans originated by CCFS has remained aligned with that of peers in the prime specialist lenders market.

Static Cumulative 3m+ Arrears - Charter Court (LCR Eligible OO Book)



Source: Fitch Ratings, Charter Court Financial Services

Help-to-Buy Equity Loans

A total of 30.3% is composed of loans where the UK government has lent borrowers up to 40% inside London and 20% outside London of the property purchase price in the form of equity loans. Such loans allow borrowers to fund a 5% cash deposit and mortgage the remaining balance.

A small management fee of GBP1 a month is payable from the start of the loan. However, after five years, an additional interest payment equal to 1.75%, rising annually by the increase (if any) in the Retail Price Index plus 1pp, is due to be paid by the borrower to the government. The equity loan must be repaid after 25 years but the term will be extended if the first-charge mortgage remains outstanding. Fitch calculated the borrower's FF (based on a combination of DTI and sLTV) based on the mortgage balance plus equity loan balance. Fitch has calculated the recovery rate (RR) without this adjustment as the mortgage loan is first ranking with the equity loan taking a second charge.

This treatment is in line with Fitch's *UK RMBS Rating Criteria*.

Loan Profile

Repayment Type

Of the portfolio, 7.2% consists of interest-only (IO) loans, and 92.8% repayments loans. Fitch believes borrowers with potential affordability problems are more likely to have selected an IO loan to reduce the size of the initial instalment payment. IO loans are also seen as riskier due to the balloon risk at maturity.

An adjustment to the IO loans is applied, in line with Fitch's *UK RMBS Rating Criteria*.

Interest Rate Type

All the loans in the portfolio pay a fixed rate of interest (weighted average interest rate on the portfolio is 4.1%). Once all fixed-rate loans will have passed their reversion date, 97.4% of the pool will pay a margin over Bank of England Base Rate (BBR) and 2.6% will pay a margin over synthetic Libor.

Interest-Only Loans

Initial pool	(%)
Interest-only loans	7.2

Source: Fitch Ratings, CMF 2023-1

Interest Rate Types

Initial pool	(%)
Fixed-rate loans	100

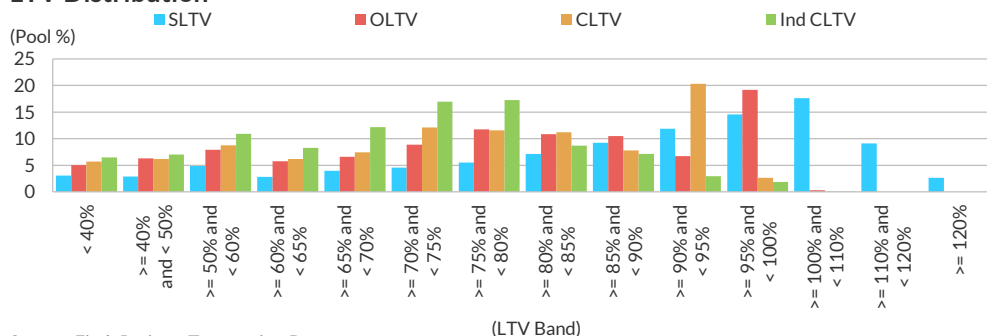
Source: Fitch Ratings, CMF 2023-1

Loan-to-Values

Loan-to-values for the pool show a Fitch calculated WA current LTV (CLTV) of 73.7% and a Fitch calculated WA original LTV (OLTV) of 75.1%. As would be expected in a pool of primarily new origination, sLTV is markedly higher than the OLTV with a WA of 88.3%. There are 29.4% of loans with an sLTV greater than 100% as the pool seasoning is low.

Fitch included the equity loan balance for Help-to-Buy loans included in the loan balance for the LTV calculations in line with its criteria.

LTV Distribution



Source: Fitch Ratings, Transaction Documents

Arrears Profile

The pool is made up of performing collateral with no loan currently having an arrears balance.

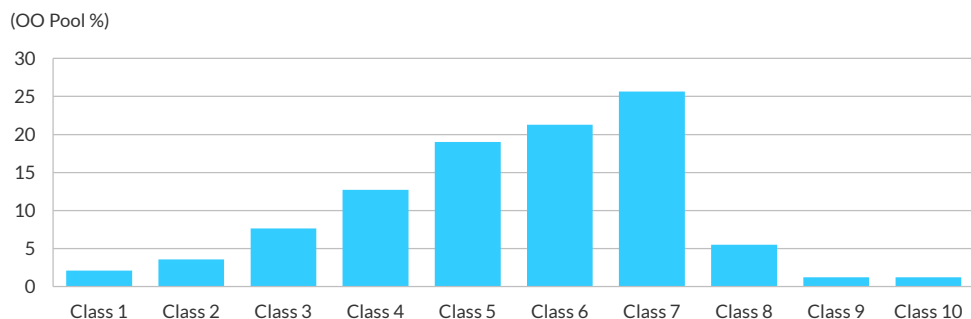
Borrower Profile

Affordability

For loans with an incentive period of less than five years, CCFS assess affordability based on a stressed interest rate being the higher of incentive rate and reversion rate plus 3.0pp. The incentive rate is used when loans have an incentive period of five years or more. Fitch's DTI calculation uses the reversion rate plus 4pp for all loans and therefore neutralises the impact of the varied treatment across loans used by CCFS.

The majority of the pool is concentrated in DTI classes from four to seven, with a weighted average DTI higher than some comparable prime transactions recently rated by Fitch.

DTI Distribution



Source: Fitch Ratings, Transaction Documents

Income Verification

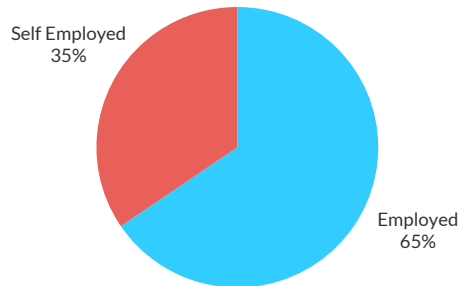
CCFS performed full and detailed income verification for all loans in the pool and a minimum of one-year's income verification for self-employed borrowers.

Self-Employed Borrowers

Of the borrowers in the pool, 34.5% are self-employed with verified income. CCFS may choose to lend to self-employed individuals with only one year's income verification completed within certain limits. All self-employed applications are fully assessed by underwriters.

When assessing affordability, Fitch has typically observed prime lenders to require a minimum of two years' income information and use a two-year average or, if income is declining, the lower figure. Fitch believes CCFS's practices are less conservative than those of other prime lenders. An increase of 30% to the FF for self-employed borrowers with verified income was applied instead of the 20% increase in line with its criteria.

Employment Type



Source: Fitch Ratings, Transaction Documents

Adverse Credit

The pool does not contain borrowers with past CCJs, and bankruptcies in the past six years.

First-Time Buyers

First-time buyers (FTBs) represent 43.5% of the pool. Fitch has applied a 1.1x adjustment to the FF of these borrowers, in line with its criteria assumptions for prime UK portfolios.

Adverse Credit and First-Time Buyers

	CCJs	IVAs/BOs	FTBs
% of the portfolio	0.0	0.0	43.5

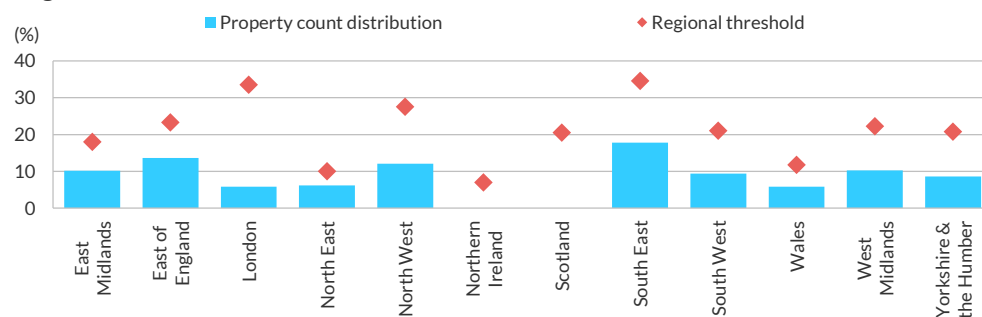
Source: Fitch Ratings, CCFS

Property Profile

Geographical Distribution

The pool contains no loans in Northern Ireland and no region exceeds 2.5x its population on either a weighted or unweighted basis. As such no adjustment for geographical concentration has been performed by Fitch.

Regional Concentration



Source: Fitch Ratings, Transaction Documents

Property Type

Of the pool, 7.7% is secured against flats and 25.3% against houses or bungalows. Fitch believes flats are likely to require a larger discount-to-market value so they can be disposed of quickly in a foreclosure scenario. Accordingly the agency applies a higher foreclosure sale adjustment (FSA) for this property type than for houses.

Of the loans, 1.3% exceeds Fitch’s region-specific illiquid property thresholds. In Fitch’s expectations, these highly valued properties may suffer a high degree of downward movement in a foreclosed sale in a distressed market. For this reason, the indexed property value of these loans was multiplied by an illiquid property adjustment factor in line with Fitch’s criteria.

Fitch Default Model Output

(%) Rating level	WAFF (%)	WARR (%)
AAAsf	20.7	64.2
AAsf	16.7	71.6
Asf	12.7	78.5
BBBsf	8.3	84.8
BBsf	6.0	88.2
Bsf	3.3	88.0

Source: Fitch Ratings

Cash Flow Analysis

CE

CE is provided from subordination. The class Z notes are sized at 8.75% of the mortgage pool and provides CE to the class A notes. Any principal loss resulting from the mortgage portfolio will be recorded on the class Z PDL and then covered by a drawing from the general reserve fund before the A notes' PDL.

General Reserve Fund

The transaction has an amortising general reserve fund (GRF), which was funded in total at closing to 1.25% of the collateralised notes balance at issuance (from the proceeds of the unrated class X note). The GRF covers for senior fees, swap payments, class A interest, and class A PDL.

The GRF will be fully released as revenue available funds on the date at which the mortgage-backed notes are redeemed in full. The GRF will amortise in line with TBD% of the outstanding collateralised note balance.

The structure incorporates a GRF amortising trigger event which stops the GRF from amortising in the event any of the following conditions occur:

- The option holder does not exercise the call option on the first optional redemption date;
- The cumulative default rate on the portfolio is greater than 5% of the aggregate balance on the closing date.

Principal to Pay Interest

The transaction permits principal receipts to be used to cover any shortfall in revenue available funds and after the application of the GRF to pay senior fees and class A interest.

In the event that principal is used for this purpose, the amount diverted will be added to the most junior available PDL sub-ledger.

Excess Spread

Should high margin loans amortise more quickly than those with lower margins (whether as a consequence of divergent prepayment rates or shorter tenors), then excess spread compression is possible. The potential for significant margin compression is reduced as loans bear similar interest rates.

Excess spread can be used to clear credit losses captured under the transaction's PDL mechanism; any erosion of excess spread will reduce the transaction's ability to recover lost principal amounts in this way.

Notes Amortisation

Principal is paid sequentially starting with the class A note and then subsequently to the class Z notes. Principal payments to the class X note are paid from excess spread prior to the optional redemption date. Thereafter, excess spread is diverted to principal available funds.

Hedging and Interest Rate Risk

The pool is entirely composed of fixed-rate loans, while the notes are linked to SONIA. Fixed rate loans will revert to a BBR linked rate (97.4% of the pool) or a synthetic Libor linked rate (2.6% of the pool). At closing, the issuer will enter an interest rate swap agreement to hedge interest rate risk in the transaction. The notional amount is adjusted on a monthly basis throughout the term of the swap. Under the swap agreement, the issuer pays a fixed rate (3.0%) to the swap counterparty and receives compounded daily SONIA. Fitch has taken the fixed swap notional schedule into account in its cash flow modelling and tested the transaction under rising, stable and declining interest rate scenarios.

Fitch has also stressed basis risk by applying a haircut to the margin over SONIA for the proportion of the pool which reverts to a BBR-linked rate. This is in line with Fitch's UK RMBS Criteria.

Turbo Feature

On any payment date occurring on or after the optional redemption date, any excess spread available will be diverted to principal available funds and used to pay down the notes. However, any subordinated hedging amounts payable are due senior to these items in the revenue priority of payments.

Optional Redemption

All the notes outstanding can be redeemed in full for the following reasons:

- The issuer has the option to call all notes outstanding at the step-up date (interest payment date, IPD, falling in May 2028) or any subsequent IPD;
- The issuer has the option to pay down all outstanding notes if the principal amount outstanding of the mortgage pool is equal to or less than 10% of the aggregate principal amount outstanding of the notes at closing;
- The issuer has the option to pay down all the outstanding notes following a change in tax law.

Step-Up Margins on Notes

From the optional redemption date, the issuer will have the option to call all the notes outstanding. In the event that the issuer does not exercise this option, the margin on the class A notes will step up. Fitch has assumed in its cash flow analysis that the call option is not exercised and the margins on the notes step up in line with documentation.

Deferrable Interest

Interest is not deferrable on the class A notes outstanding but may be deferred on the X notes if the issuer has insufficient funds to pay the coupon due on any IPD. In the event that an interest payment is deferred, it will accrue interest at the rate applicable for that class of note.

Available Funds

The available funds are split between revenue receipts (used for the revenue waterfall) and principal receipts (used for the principal waterfall).

Available Funds

Available revenue receipts	Available principal receipts
All interest collected or recovered from the portfolio	All principal collections (including recoveries and repurchase proceeds)
Yield on eligible investments and on the issuer's accounts	Credits from the PDL and turbo feature (if any)
Amounts received under the swap agreement	
Amounts standing to the credit of the GRF	
Any GRF excess amounts	

³ Available only to cover defined items in the revenue PoP.
Source: CMF 2023-1 PLC

Pre-Enforcement Priority of Payments (Simplified)

Revenue priority of payments	Principal priority of payments
1 Senior fees	Senior fees (unpaid from revenue funds)
2 Hedging payments	Hedging payments (unpaid from revenue funds)
3 Class A interest	Class A interest (unpaid from revenue funds)
5 Class A PDL	Class A principal
4 General Reserve Fund	Class Z principal
6 Class Z PDL	To available revenue receipts
7 Class Z interest	
8 Subordinated hedging payments	
9 To available redemption receipts (after optional redemption date)	
10 Class X interest	
11 Class X principal	
12 Residual certificates	

Source: Fitch Ratings, CMF 2023-1 PLC

Events of Default

An event of default leading to enforcement of the transaction may occur and includes the following reasons:

- Default in the payment of any principal or interest due on the class A notes outstanding;
- The issuer fails to perform any of its obligations under the transaction documents;
- If any representation or warranty made by the issuer is incorrect and not remedied.

Post-enforcement priority of payments is structured sequentially for both interest and principal combined.

Expected Rating Sensitivity

Factors that Could, Individually or Collectively, Lead to Negative Rating Action/Downgrade

The transaction's performance may be affected by changes in market conditions and economic environment. Weakening economic performance is strongly correlated to increasing levels of delinquencies and defaults that could reduce credit enhancement available to the notes.

In addition, unanticipated declines in recoveries could result in lower net proceeds, which may make certain notes' ratings susceptible to potential negative rating action depending on the extent of the decline in recoveries. Fitch conducts sensitivity analyses by stressing both a transaction's base-case FF and RR assumptions. For example, a 15% WAFF increase and 15% WARR decrease would result in a class A model implied downgrade of up to one notch.

Factors that Could, Individually or Collectively, Lead to Positive Rating Action/Upgrade

Fitch did not test an additional rating sensitivity scenario as the notes are at the highest rating on Fitch’s scale and cannot be upgraded.

Rating Sensitivity to Default and Recovery Rates

	Class A notes
Original Rating	AAAsf
15% increase in WAFF	AAAsf
30% increase in WAFF	AAAsf
15% decrease in WARR	AAAsf
30% decrease in WARR	AA+
15% increase in WAFF; 15% decrease in WARR	AA+
30% increase in WAFF; 30% decrease in WARR	AAsf

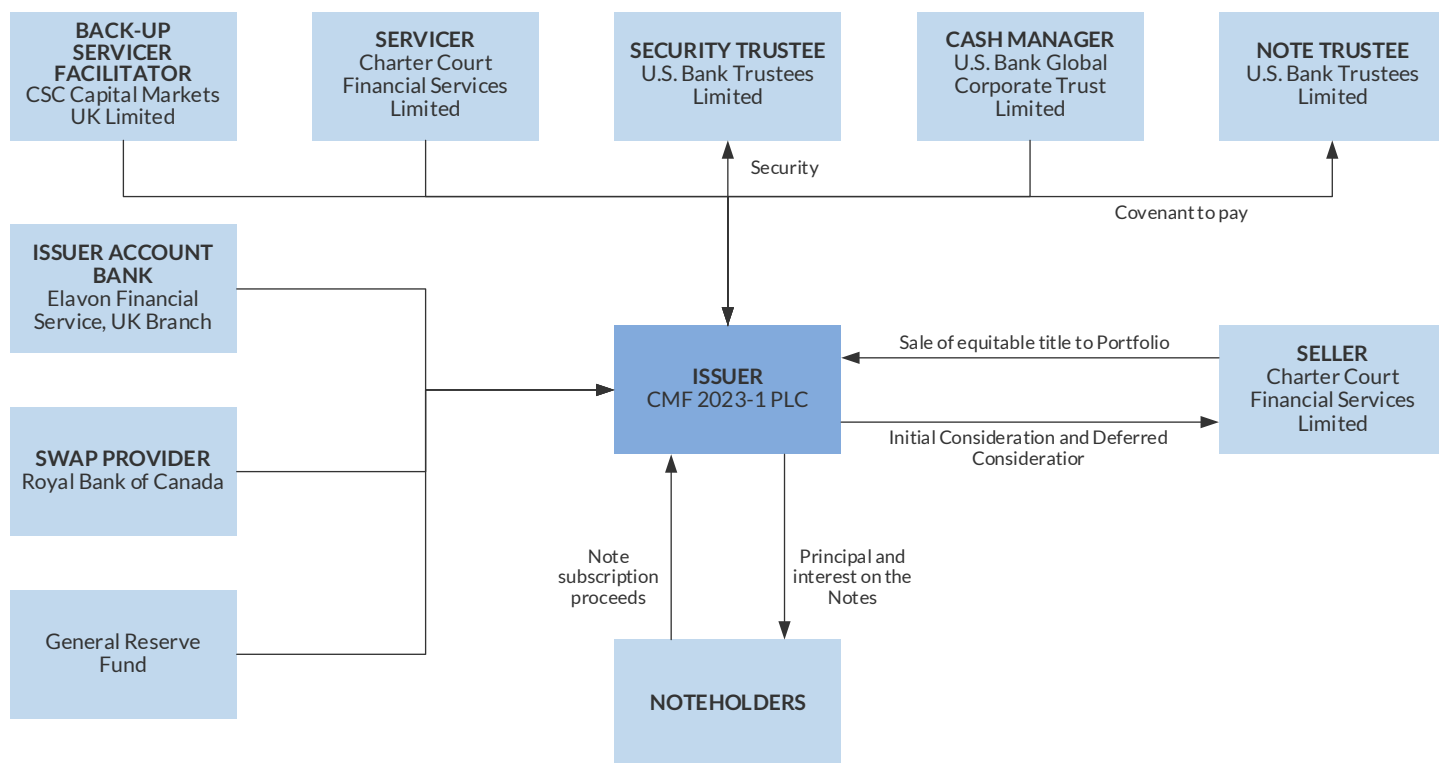
Source: Fitch Ratings

The Rating Sensitivity section provides insight into the model-implied sensitivities the transaction faces when one assumption is stressed, while holding others equal. The modelling process uses the estimation and stress of these variables to reflect asset performance in a stressed environment. The results below should only be considered as one potential outcome, as the transaction is exposed to multiple dynamic risk factors. It should not be used as an indicator of possible future performance.

- No change or positive change
 - Negative change within same category
 - -1 category change
 - -2 category change
 - -3 or larger category change
- See report for further details

Transaction Structure

Structure Diagram



Source: Fitch Ratings, CMF 2023-1 PLC

Legal Framework

At closing, the seller will assign to the issuer by way of equitable assignment all its rights, title and interest in the mortgage loans included in the portfolio to be securitised, together with those mortgages and any other related security. As a result, legal title to the mortgage loans remains with CCFS and the borrowers have not been notified.

The issuer will enter into a deed of charge, pursuant to which it has created security interests over all of its assets (including the mortgage loans, mortgages and other related security and its

bank accounts) in favour of the trustee as security for (among other liabilities) all amounts owing under the notes.

The transaction's structure is designed to ensure, among other things, that the assignment and trust arrangements described above will effect a "true sale" by the seller to the issuer of the mortgage loans, related mortgages, and other security included in the securitised portfolio. It is intended, in other words, to be a transfer that will not be challenged successfully in the event of the insolvency of the seller.

The issuer will have no recourse to the seller or except in limited circumstances, principally deriving from the warranties, which the seller will give to the issuer in respect of the mortgage loans, mortgages and other related security to be included in the portfolio.

Representations and Warranties

On the portfolio transfer date the seller will provide the issuer with specific representations and warranties (R&Ws) concerning the characteristics of the mortgages, and the general and legal circumstances of the loans in the pool.

The R&Ws are substantially comparable to those typically contained in UK RMBS transactions, as described in Fitch's report *Representations, Warranties, and Enforcement Mechanisms in Global Structured Finance Transactions*. In the event of a loan being found to have breached the representations and warranties the seller would be required to repurchase it from the pool.

For more details, see the related appendix, which includes the R&Ws given by the main transaction parties. Fitch made no adjustments in its analysis in respect of the transactions representations and warranties.

Substitution

The legal title holder and seller have agreed under the mortgage sale agreement to repurchase any loan found not to materially comply with the R&Ws given by the legal title holder and seller.

Permitted Variations

The mortgage sale agreement allows CCFS to grant variations in agreement with a borrower, including the following:

- i. any variation agreed with a borrower to control or manage actual or anticipated arrears on a loan;
- ii. to change the term of the mortgage to a maximum of the date three years prior to the legal final maturity of the transaction;
- iii. to change the loan from an interest-only to a repayment loan.

Fitch is of the opinion, in relation to (ii), that extensions requested due to borrower hardship will be limited given the prime nature of the pool, and any increased risk of loss due to such circumstances is already captured within the FF assumptions, as are instances under (i). Fitch concluded that if extensions were to be granted on any significant scale, they are likely to be commercially driven and highly unlikely to affect the cash flow profile of the pool.

The prepayment pattern observed from the outstanding CMF transactions shows that borrowers, from a commercial standpoint, are refinancing or product switching once their teaser periods have ended. In both instances the borrower would exit the securitised pool.

Fitch considered that (iii) would not expose the transaction to any additional risks over time. Switching to repayment from interest-only will increase the monthly debt burden. However, borrowers are obliged to deleverage, which reduces 'balloon' risk and increases credit enhancement build-up in the transaction.

Further Advances and Product Switches

The servicer will undertake with the issuer and the security trustee that loans subject to a further advance, port or product switch in relation to a loan and its related security will be repurchased by the Seller from the mortgage pool.

Cross-Collateral Mortgage Rights Deed

CCFS lends to borrowers where multiple loans are advanced and secured against multiple properties on a one-to-one basis, with each loan being a cross-collateral mortgage. It is typically the case that the default of one position within a borrower's portfolio leads to the entire portfolio becoming immediately due and payable, with a lender enforcing on all cross-collateral liabilities. Enforcement proceeds are then shared across all positions within the portfolio.

On the closing date, the issuer will accede to a cross-collateral mortgage rights deed between itself, CCFS and the trustee that limits cross-collateral rights only to cross-collateral mortgages that it beneficially owns.

Libor Fall-back Provisions

Libor Exposure

Assets	Notes	Hedges
2.6% of the provisional pool is either fixed-rate reverting to 3m Libor or Libor-linked.	No Libor exposure; the rated note reference SONIA.	No Libor exposure.

Source: Fitch Ratings, CCFS

Under the mortgage terms, CCFS has the possibility to set as benchmark any other variable rate of interest set by a UK financial institution which the lender reasonably specifies as comparable to Libor.

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Impact of Banking Act 2009 and Related Secondary Legislation

The Banking Act 2009 and related secondary legislation (the Act) confers wide-ranging powers on the UK financial authorities to deal with the failure (or likely failure) of certain UK incorporated entities, including authorised deposit-taking institutions and investment firms. The greatest element of uncertainty arises from the provisions in the Act that empower the authorities to potentially override the ongoing contractual obligations of a financial institution (or a related group company) in a structured finance transaction. This could have potential implications for the enforceability of contractual or servicing arrangements within structured finance transactions.

Fitch does not expect the Act to affect ratings for structured finance transactions. This is based on a number of factors, including the government's guidance as to how and in what circumstances the authorities will use their powers under the Act which provides for certain safeguards applicable to structured finance arrangements.

Nevertheless, Fitch will continue to monitor future developments with respect to the Act to determine whether there could be any rating impact to the transaction.

Counterparty Risk

Fitch assesses the counterparty risk under its *Structured Finance and Covered Bonds Counterparty Rating Criteria* to be in line with the ratings assigned based on the documentation provisions and analytical adjustments described in the following table.

Counterparty Risk Exposures

Counterparty role/risk	Counterparty	Relevant rating under criteria	Minimum ratings and remedial actions	Adjustment to analysis if minimum ratings and remedial actions not in line with criteria
Originator	Charter Court Financial Services	Originator: BBB/F3	There is no minimum rating for the servicer/originator.	Origination policies and practices in line with that expected of a prime residential lender.
Issuer account bank	Elavon Financial Services DAC	Deposit ratings: AA-/F1+	Minimum deposit ratings of 'A' or 'F1'; replacement or guarantee within 60 calendar days of downgrade below both minimum ratings.	Minimum ratings and remedial actions in line with criteria.
Collection account bank	Barclays Bank Plc	Deposit ratings: A+/F1	There is no minimum rating trigger for the Collection Account Bank.	Commingling risk is mitigated by daily sweeps and a Declaration of Trust in favour to the Issuer.
Interest rate swap provider (swapping mortgages' fixed rate to SONIA plus a margin for liabilities)	Royal Bank of Canada	Derivative counterparty rating: AA-; F1+ (Note: Fitch does not issue short-term DCRs, so the relevant short-term rating is the Short-Term Issuer Default Rating (IDR))	Minimum derivative counterparty rating of 'A' or Short-Term IDR of 'F1'; collateral posting required within 14 calendar days, and replacement or guarantee within 30 days of downgrade below both minimum ratings.	Minimum ratings and remedial actions in line with criteria.
Servicing continuity/back up servicer facilitator	CSC Capital Markets UK Limited	Not rated	There is no minimum rating for the servicer.	Servicer continuity risk has been assessed to be mitigated in accordance with Fitch's counterparty criteria, because of the presence of a back-up servicer facilitator and the standard products included in the transaction portfolio.

Source: Fitch Ratings, CMF 2023-1 PLC

Criteria Application, Model and Data Adequacy

Criteria Application

See page 2 for the list of Applicable Criteria.

Fitch applies the *UK RMBS Rating Criteria* as its sector-specific criteria under the overarching framework provided by the *Global Structured Finance Rating Criteria*, the master criteria for the sector. The *Structured Finance and Covered Bonds Country Risk Criteria* report outlines Fitch's approach to assigning and maintaining structured finance and covered bond ratings, where the relevant sovereign's Local-Currency Issuer Default Rating is below 'AAA'. The remaining criteria listed under Applicable Criteria are cross-sector criteria that outline Fitch's approach to counterparty risk and interest rate change vulnerability that are relevant for the ratings.

Models

The models below were used in the analysis. Click on the link for the model (if published) or for the criteria for a description of the model.

[ResiGlobal Model](#)

[Multi-Asset Cash Flow Model](#)

When conducting cash flow analysis, Fitch's cash flow model first projects the portfolio scheduled amortisation proceeds and any voluntary prepayments for each reporting period of the transaction life assuming no defaults (and no voluntary terminations, when applicable). In each rating stress scenario, such scheduled amortisation proceeds and prepayments are then

reduced by a scale factor equivalent to the overall percentage of loans that are not assumed to default (or to be voluntary terminated, when applicable). This adjustment avoids running out of performing collateral due to amortisation and voluntary prepayments and ensures all of the defaults projected to occur in each rating stress are realised in a manner consistent with Fitch's published default timing curve.

Data Adequacy

Fitch reviewed the results of a third-party assessment conducted on the asset portfolio information, and concluded that there were no findings that affected the rating analysis.

Fitch also reviewed a small targeted sample of CCFS's origination files at the time of the previous transaction and found the information contained in the reviewed files to be adequately consistent with the originator's policies and practices and the other information provided to the agency about the asset portfolio.

Overall, Fitch's assessment of the asset pool information relied upon for the agency's rating analysis according to its applicable rating methodologies indicates that it is adequately reliable.

Use of Third-Party Due Diligence Pursuant to SEC Rule 17g-10

Form ABS Due Diligence-15E was not provided to, or reviewed by, Fitch in relation to this rating action.

Surveillance

Fitch will monitor the transaction as per its *UK RMBS Rating Criteria*. Details of transaction performance will be available to subscribers at www.fitchratings.com.

Appendix 1: Origination and Servicing

Charter Court Financial Services was established in 2008. CCFS is a retail saving bank (Charter Savings Bank), mortgage lender (CMF) and third-party mortgage administrator (Exact). It is authorised by the Prudential Regulation Authority (PRA) and regulated by the Financial Conduct Authority and the PRA. All its business activities are conducted from the head office in Wolverhampton, England. All distributions in the lending business are conducted through intermediaries so there is no requirement for branches. CCFS achieved lending permission at the end of 2010 and banking permission in January 2015.

CCFS has seen rapid growth across its teams and now has more than 500 full-time employees across its three business lines, all based in Wolverhampton or London. Directors and some support functions cover multiple areas, but there are separate teams dealing with savings, servicing and origination processes.

In October 2019 OneSavings Bank (OSB) acquired CCFS, via an all-share combination comprising a 55% stake for OSB shareholders and 45% for CCFS shareholders.

Sourcing/Acquisition of Assets

All distribution is through the intermediary network. Monitoring of brokers includes a formal quarterly reporting pack, detailing such metrics as volume of business received, quality of business, loan performance and instances of fraud.

Underwriting

The initial decision on whether CCFS may lend to an applicant is automated via an online decision in principle. If a case proceeds, it is then manually underwritten. In case the automated decision leads to declination, the application is closed. A manual underwrite involves a review of the full application, including income validation. All underwriting mandate holders are based in Wolverhampton.

CCFS uses a scorecard approach to determine the eligibility of borrowers for products in each of its tiers. Borrowers who fail the scorecard for higher tiers are automatically cascaded to the highest tier for which they are eligible. CCFS operates two scorecards, one for owner-occupied applications and one for buy-to-let applications. The scorecards in use were introduced in 2016 and developed with data sourced from Experian. Factors covered within the scorecard, such as adverse credit, are not subsequently considered further during the manual underwriting. CCFS permits no exceptions to its scorecards.

Loan Underwriter/Broker Incentive Scheme

Underwriters are not incentivised by volume of cases agreed. Brokers are paid a standard procurement fee on completion of the mortgage.

Use of Third-Party or Automated Underwriting Systems

DPR is the core origination platform used by the new business teams.

Authorisation Levels

The mandate structure at CCFS is simple: underwriters have a mandate for customer exposure up to GBP250,000, while loans above this require joint sign-off between an underwriter and a member of the credit risk team. Some policy rules dictate sign-off by senior underwriters. Typically, a new underwriter will not receive a lending mandate until they have been in the position for 12 weeks and completed formal training. The mandate will then have to be agreed by the director of underwriting and the director of credit risk. Post-approval, the first 10 cases agreed are checked by a senior underwriter.

Fraud Prevention

CCFS uses a variety of industry-standard fraud prevention tools, such as SIRA and Hunter. Where "hits" against fraud markers have occurred, the case will be referred for review prior to the application being allowed to progress.

Quality Control and Audits

A sample of all offers is checked for underwriting quality. Additional post-offer checks are completed on an ad-hoc basis by the credit risk team. The results of these checks are included within monthly key performance indicators reporting to the board. Compliance also reviews cases and monitors calls to support quality control.

Technology

DPR is the core origination platform used by the new business teams. CCFS has built a well-integrated technology platform and the system interfaces with other internal and third-party systems.

Valuations

A full, independent valuation by a RICS-qualified surveyor is completed for all new applications. CCFS uses a well-known panel manager, who is responsible for instructing valuers and conducting monitoring of valuations for quality purposes.

Maximum Age of Valuations

Six months with an extension of three months in certain cases.

Servicing and Collections Process

The collections and servicing team has operations in the UK and India. The primary servicing team spread across the UK and OSBI with an average 10 years' financial services experience. The primary servicing team is responsible for all processing of loans, following completion through to redemption covering a variety of core competencies, including having a dedicated team to managing all inbound and outbound calls.

The special servicing team spread across the UK and OSBI with an average 11 years' financial services experience. There are dedicated case managers to handle accounts from initial default through to possession. The team will have full access to an individual borrower's credit profile and has loan modification tools to support borrower circumstances. OSBI does not have any decision-making authority.

OSB uses a portfolio monitoring service provided by Experian (Monthly Dephi for Customer Management) to identify changes in credit behaviour of existing borrowers driven by behavioural scorecards. The results are presented every month to a credit committee and drive other processes, such as adding borrowers to a pre-arrears watch list and close monitoring of susceptible borrowers.

Appendix 2: ESG Relevance Score

Credit-Relevant ESG Derivation

CMF 2023-1 has 1 ESG rating driver and 6 ESG potential rating drivers

- CMF 2023-1 has exposure to accessibility to affordable housing which, in combination with other factors, impacts the rating.
- CMF 2023-1 has exposure to compliance risks including fair lending practices, mis-selling, repossession/foreclosure practices, consumer data protection (data security) but this has very low impact on the rating.
- CMF 2023-1 has exposure to macroeconomic factors and sustained structural shifts in secular preferences affecting consumer behavior and underlying mortgages and/or mortgage availability but this has very low impact on the rating.
- Governance is minimally relevant to the rating and is not currently a driver.

			Overall ESG Scale	
key driver	0	issues	5	
driver	1	issues	4	
potential driver	6	issues	3	
not a rating driver	3	issues	2	
	4	issues	1	

Environmental (E)

General Issues	E Score	Sector-Specific Issues	Reference	E Scale
GHG Emissions & Air Quality	2	n.a.	n.a.	5
Energy Management	1	n.a.	n.a.	4
Water & Wastewater Management	1	n.a.	n.a.	3
Waste & Hazardous Materials Management; Ecological Impacts	2	Environmental site risk and associated remediation/liability costs; sustainable building practices including Green building certificate credentials	Asset Quality; Financial Structure; Surveillance	2
Exposure to Environmental Impacts	2	Asset, operations and/or cash flow exposure to extreme weather events and other catastrophe risk, including but not limited to flooding, hurricanes, tornadoes, and earthquakes	Asset Quality; Financial Structure; Surveillance	1

How to Read This Page

ESG scores range from 1 to 5 based on a 15-level color gradation. Red (5) is most relevant and green (1) is least relevant.

The Environmental (E), Social (S) and Governance (G) tables break out the individual components of the scale. The right-hand box shows the aggregate E, S, or G score. General Issues are relevant across all markets with Sector-Specific Issues unique to a particular asset class. Scores are assigned to each sector-specific issue. These scores signify the credit-relevance of the sector-specific issues to the transaction's or program's overall credit rating. The Reference box highlights the factor(s) within which the corresponding ESG issues are captured in Fitch's credit analysis.

The Credit-Relevant ESG Derivation table shows the overall ESG score. This score signifies the credit relevance of combined E, S and G issues to the transaction's or program's credit rating. The three columns to the left of the overall ESG score summarize the transaction's or program's sub-component ESG scores. The box on the far left identifies some of the main ESG issues that are drivers or potential drivers of the transaction's or program's credit rating (corresponding with scores of 3, 4 or 5) and provides a brief explanation for the score.

Classification of ESG issues has been developed from Fitch's sector ratings criteria. The General Issues and Sector-Specific Issues draw on the classification standards published by the Sustainability Accounting Standards Board (SASB).

Social (S)

General Issues	S Score	Sector-Specific Issues	Reference	S Scale
Human Rights, Community Relations, Access & Affordability	4	Accessibility to affordable housing	Asset Quality; Financial Structure; Surveillance	5
Customer Welfare - Fair Messaging, Privacy & Data Security	3	Compliance risks including fair lending practices, mis-selling, repossession/foreclosure practices, consumer data protection (data security)	Asset Quality; Operational Risk; Surveillance	4
Labor Relations & Practices	1	n.a.	n.a.	3
Employee Wellbeing	1	n.a.	n.a.	2
Exposure to Social Impacts	3	Macroeconomic factors and sustained structural shifts in secular preferences affecting consumer behavior and underlying mortgages and/or mortgage availability	Asset Quality; Financial Structure; Surveillance	1

Governance (G)

General Issues	G Score	Sector-Specific Issues	Reference	G Scale
Rule of Law, Institutional and Regulatory Quality	3	Jurisdictional legal risks; regulatory effectiveness; supervisory oversight; foreclosure laws; government support and intervention	Asset Isolation and Legal Structure; Asset Quality; Rating Caps; Surveillance	5
Transaction & Collateral Structure	3	Asset isolation; resolution/insolvency remoteness; legal structure; structural risk mitigants; complex structures	Asset Isolation and Legal Structure; Asset Quality; Financial Structure; Rating Caps; Surveillance	4
Transaction Parties & Operational Risk	3	Counterparty risk; origination, underwriting and/or aggregator standards; borrower/lessee/sponsor risk; originator/servicer/manager/operational risk	Asset Quality; Financial Structure; Operational Risk; Rating Caps; Surveillance	3
Data Transparency & Privacy	3	Transaction data and periodic reporting	Asset Isolation and Legal Structure; Asset Quality; Financial Structure; Surveillance	2
				1

CREDIT-RELEVANT ESG SCALE - DEFINITIONS

How relevant are E, S and G issues to the overall credit rating?	
5	Highly relevant: a key transaction or program rating driver that has a significant impact on an individual basis.
4	Relevant to transaction or program ratings; not a key rating driver but has an impact on the ratings in combination with other factors.
3	Minimally relevant to ratings; either very low impact or actively mitigated in a way that results in no impact on the transaction or program ratings.
2	Irrelevant to the transaction or program ratings; relevant to the sector.
1	Irrelevant to the transaction or program ratings; irrelevant to the sector.

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