

METRIX FUNDING NO. 1 PLC

(incorporated in England and Wales with limited liability under Registered Number 5490390)

£682,000,000 Floating Rate Notes due 2019,

€863,470,000 Floating Rate Notes due 2019, and

\$1,274,000,000 Floating Rate Notes due 2019

comprising

£500,000,000 Class A1 Floating Rate Notes due 2019

€700,000,000 Class A2 Floating Rate Notes due 2019

\$1,261,000,000 Class A3 Floating Rate Notes due 2019

Issue Price 100 per cent.

£44,000,000 Class B1 Floating Rate Notes due 2019

€29,940,000 Class B2 Floating Rate Notes due 2019

\$10,000,000 Class B3 Floating Rate Notes due 2019

Issue Price 100 per cent.

£32,000,000 Class C1 Floating Rate Notes due 2019

€56,200,000 Class C2 Floating Rate Notes due 2019

Issue Price 100 per cent.

£36,000,000 Class D1 Floating Rate Notes due 2019

€50,300,000 Class D2 Floating Rate Notes due 2019

Issue Price 100 per cent.

£30,000,000 Class E1 Floating Rate Notes due 2019

€27,030,000 Class E2 Floating Rate Notes due 2019

\$3,000,000 Class E3 Floating Rate Notes due 2019

Issue Price 100 per cent.

£40,000,000 Class F Floating Rate Notes 2019

Issue Price 100 per cent.

This prospectus (which includes the appendix to this prospectus) is given in compliance with the prospectus rules made by the UK Listing Authority under the Financial Services and Markets Act 2000, as amended by the Prospectus Regulations 2005 for the purpose of giving information with regard to the Issuer and the Notes.

Particular attention is drawn to the section entitled “Risk Factors and Investment Considerations” beginning on page 16. Prospective Noteholders should be aware of all aspects of the issues that are summarised in that section.

Sole Arranger and Sole Bookrunner

HSBC

Joint Lead Managers



Co-Manager



The date of this prospectus is 18 November 2005

The notes due 2019 of Metrix Funding No. 1 PLC (the “**Issuer**”) comprise the £500,000,000 Class A1 Floating Rate Notes due 2019 (the “**A1 Notes**”), the €700,000,000 Class A2 Floating Rate Notes due 2019 (the “**A2 Notes**”) and the \$1,261,000,000 Class A3 Floating Rate Notes due 2019 (the “**A3 Notes**” and together with the A1 Notes and the A2 Notes, the “**A Notes**”), the £44,000,000 Class B1 Floating Rate Notes due 2019 (the “**B1 Notes**”), the €29,940,000 Class B2 Floating Rate Notes due 2019 (the “**B2 Notes**”) and the \$10,000,000 Class B3 Floating Rate Notes due 2019 (the “**B3 Notes**” and together with the B1 Notes and the B2 Notes, the “**B Notes**”), the £32,000,000 Class C1 Floating Rate Notes due 2019 (the “**C1 Notes**”) and the €56,200,000 Class C2 Floating Rate Notes due 2019 (the “**C2 Notes**” and together with the C1 Notes, the “**C Notes**”), the £36,000,000 Class D1 Floating Rate Notes due 2019 (the “**D1 Notes**”) and the €50,300,000 Class D2 Floating Rate Notes due 2019 (the “**D2 Notes**” and together with the D1 Notes, the “**D Notes**”), the £30,000,000 Class E1 Floating Rate Notes due 2019 (the “**E1 Notes**”), the €27,030,000 Class E2 Floating Rate Notes due 2019 (the “**E2 Notes**”) and the \$3,000,000 Class E3 Floating Rate Notes due 2019 (the “**E3 Notes**” and together with the E1 Notes and the E2 Notes, the “**E Notes**”), and the £40,000,000 Class F Floating Rate Notes due 2019 (the “**F Notes**” and, together with the A Notes, B Notes, C Notes, D Notes and E Notes, the “**Notes**”). The A Notes, B Notes, C Notes, D Notes and E Notes are referred to herein as the “**Rated Notes**.”

Any reference below to a “**Class**” of Notes or to holders of a Class of Notes shall be a reference to the A1 Notes, A2 Notes, A3 Notes, B1 Notes, B2 Notes, B3 Notes, C1 Notes, C2 Notes, D1 Notes, D2 Notes, E1 Notes, E2 Notes, E3 Notes or F Notes, as the case may be, or to the respective holders thereof. The A1 Notes, the B1 Notes, the C1 Notes, the D1 Notes, the E1 Notes and the F Notes are also collectively referred to as the “**Sterling Notes**”. The A2 Notes, B2 Notes, C2 Notes, D2 Notes and E2 Notes are also collectively referred to as the “**Euro Notes**”. The A3 Notes, B3 Notes and E3 Notes are also referred to as the “**Dollar Notes**”. Deutsche Trustee Company Limited will be the trustee for the holders of the Notes (the “**Trustee**”), pursuant to the terms of a Trust Deed (as the same may be amended and/or supplemented, the “**Trust Deed**”) to be dated on or about the Closing Date (as defined below) or such later date as may be agreed between the Issuer, the Managers and the Trustee (each as defined below) between the Issuer and the Trustee.

The obligations of the Issuer under, amongst other things, the Notes will be secured pursuant to a deed of charge (the “**Deed of Charge**”) to be dated on or prior to the Closing Date between, among others, the Issuer and the Trustee in favour of the Trustee for itself and on trust for the other persons expressed to be secured parties thereunder, by, amongst other things: (i) an assignment by way of first fixed security of all of the Issuer’s right, title and interest, present and future, in, to and under the Asset Transfer Deed and certain related Transaction Documents (each as defined herein); (ii) an assignment by way of first fixed security of all of the Issuer’s right, title and interest, present and future, in, to and under or to the order of the Issuer Accounts, the Reserve Account, and all sums standing to the credit thereof; (iii) an assignment by way of first fixed security of all of the Issuer’s right, title and interest, present and future, in, to and under the Swap Agreements (as defined herein) (subject to netting and set-off provisions contained therein); (iv) an assignment by way of first fixed security of any sums held by any Paying Agent (as defined herein) to meet the payments in respect of the Notes; (v) an assignment by way of first fixed security of all of the Issuer’s right, title and interest, present and future, in, to and under the Issuer’s Portfolio Interest held by the Issuer pursuant to the terms of the Asset Transfer Deed; and (vi) a first floating charge over the whole of the Issuer’s undertaking, property and rights to the extent such property and rights are not covered in (i) to (v) above.

The Notes have not been approved or disapproved by the United States Securities and Exchange Commission (the “**SEC**”), any state securities commission or any other regulatory authority, nor have any of the foregoing authorities passed upon or endorsed the merits of this offering or the accuracy or adequacy of this prospectus. Any representation to the contrary is unlawful. The Notes have not been and will not be registered under the United States Securities Act of 1933, as amended (the “**Securities Act**”), or any state securities laws. The Notes may not be offered, sold or delivered directly or indirectly within the United States or to or for the account or benefit of U.S. persons (as defined in Regulation S under the Securities Act (“**Regulation S**”)) (“**U.S. Persons**”) except pursuant to an available exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state securities laws. The Rule 144A Notes are being offered in the United States only to Qualified Institutional Buyers (“**QIBs**”) (as defined under Rule 144A under the Securities Act (“**Rule 144A**”)). The Issuer is relying on the exemption from the requirements of the Investment Company Act of 1940, as amended (the “**Investment Company Act**”) provided by Section 3(c)(7) thereunder. Accordingly, all United States investors are required to be Qualified Purchasers (“**QPs**”). The Notes are also being offered outside the United States to non-U.S. persons in accordance with Regulation S. There is no undertaking to register

the Notes under any state or Federal securities laws. The Notes cannot be resold unless they are subsequently registered or an exemption from registration is available. See “*Subscription and Sale*” and “*Purchase and Transfer Restrictions*”.

Applications have been made to the UK Listing Authority (the “**UKLA**”) for the Notes to be admitted to listing on the Official List of the Financial Services Authority (in its capacity as competent authority under the Financial Services and Markets Act 2000 (the “**FSMA**”), and to trading on the Gilt Edged and Fixed Interest market of the London Stock Exchange plc (the “**London Stock Exchange**”). The Gilt Edged and Fixed Interest market of the London Stock Exchange is a regulated market for the purposes of Investment Services Directive 16/93/22/EC (the “**regulated market of the London Stock Exchange**”). This prospectus is given in compliance with the prospectus rules made by the UKLA under the FSMA, as amended by the Prospectus Regulations 2005 for the purposes of giving information about the Issuer and the Notes. A copy of this prospectus has been delivered to the Registrar of Companies in England and Wales for registration in accordance with Section 83 of the FSMA.

Interest on the Notes is payable in arrear on each Interest Payment Date. An “**Interest Payment Date**” is the 10th day of February, May, August and November in each year starting in February 2006 and ending on the Legal Final Maturity Date, subject to adjustment for non-business days in the manner set out in the terms and conditions of the Notes (the “**Conditions**”). The first Interest Payment Date falls in February 2006. An “**Interest Period**” is a period commencing on and including an Interest Payment Date or, in the case of the first such period, commencing on and including the Closing Date (as defined herein), and ending on but excluding the next Interest Payment Date or, in the case of the first such period, the first Interest Payment Date.

Interest on the Notes is payable at an annual rate as summarised below (and where references to Sterling LIBOR, EURIBOR and US dollar LIBOR are as defined pursuant to the Relevant Screen Rate as defined in the Conditions).

<i>Notes</i>	<i>Interest Rate</i>	<i>Margin</i>	<i>Initial Principal Balance</i>	<i>Expected Ratings</i>
A1	Sterling LIBOR	0.21% per annum	£500,000,000	AAA/Aaa
A2	EURIBOR	0.21% per annum	€700,000,000	AAA/Aaa
A3	US dollar LIBOR	0.20% per annum	US\$1,261,000,000	AAA/Aaa
B1	Sterling LIBOR	0.31% per annum	£44,000,000	AA/Aa2
B2	EURIBOR	0.31% per annum	€29,940,000	AA/Aa2
B3	US dollar LIBOR	0.31% per annum	US\$10,000,000	AA/Aa2
C1	Sterling LIBOR	0.60% per annum	£32,000,000	A/A2
C2	EURIBOR	0.60% per annum	€56,200,000	A/A2
D1	Sterling LIBOR	0.95% per annum	£36,000,000	BBB/Baa2
D2	EURIBOR	0.95% per annum	€50,300,000	BBB/Baa2
E1	Sterling LIBOR	3.10% per annum	£30,000,000	BB/Ba2
E2	EURIBOR	3.10% per annum	€27,030,000	BB/Ba2
E3	US dollar LIBOR	3.10% per annum	US\$3,000,000	BB/Ba2
F	Sterling LIBOR	5.50% per annum	£40,000,000	Unrated

Unless previously redeemed in accordance with their terms, the Notes will be redeemed at their then Principal Amount Outstanding (as defined in the Conditions) on the Interest Payment Date falling in February 2019 (the “**Legal Final Maturity Date**”). Before the Legal Final Maturity Date, the Notes will be subject to mandatory unscheduled redemption in whole or in part in the manner set out in Condition 6.

Notes of any Class sold to non-U.S. persons in reliance on Regulation S (“**Regulation S Notes**”) will be represented by one or more permanent Global Note Certificates of each Class, in fully registered form, without interest coupons attached (“**Regulation S Global Note Certificates**”), which will be deposited with HSBC Bank plc as common depositary (the “**Common Depositary**”) for Euroclear Bank S.A./N.V., as operator of the Euroclear System (“**Euroclear**”) and Clearstream Banking, *société anonyme* (“**Clearstream, Luxembourg**”). Beneficial interests in a Regulation S Global Note Certificate may be held only through, and transfers thereof will only be effected through, records maintained by Euroclear or Clearstream, Luxembourg or their Participants (as applicable) at any time. See “*Form of Notes*” and “*Book-Entry Clearance Procedures*”.

Notes of any Class sold in reliance on Rule 144A (“**Rule 144A Notes**”) to persons who are QIBs that are QPs acting for their own accounts or the accounts of other persons that are both QIBs and QPs will be

represented by one or more permanent Global Note Certificates of each Class, in fully registered form, without interest coupons attached (“**Rule 144A Global Note Certificates**” and, together with the Regulation S Global Note Certificates, the “**Global Note Certificates**”), which will be deposited with HSBC Bank USA, National Association (the “**DTC Custodian**”), as depository for, and registered in the name of Cede & Co. (“**Cede**”) as nominee of, The Depository Trust Company (“**DTC**”). Beneficial interests in a Rule 144A Global Note Certificate may only be held through, and transfers thereof will only be effected through, records maintained by DTC or its participants at any time. Rule 144A Global Note Certificates will bear a legend to the effect that such Rule 144A Global Note Certificates, or any interest therein, may not be transferred except to persons that are both QIBs and QPs and only in compliance with the transfer restrictions set out in such legend.

No beneficial interest in a Rule 144A Global Note Certificate may be transferred to a person that takes delivery in the form of a beneficial interest in a Regulation S Global Note Certificate unless the transfer is to a non-U.S. person in an offshore transaction in reliance on Regulation S and the transferor provides the Registrar with a written certification substantially in the form set out in the Agency Agreement. No beneficial interest in a Regulation S Global Note Certificate may be transferred to a person that takes delivery in the form of a beneficial interest in a Rule 144A Global Note Certificate unless the transfer is to a person that is both a QIB and a QP in a transaction in reliance on Rule 144A and the transferor provides the Registrar with a written certification substantially in the form set out in the Agency Agreement. See “*Form of Notes*”, “*Book-Entry Clearance Procedures*” and “*Purchase and Transfer Restrictions*”.

Except in the limited circumstances described herein, Notes in individual, certificated, fully registered form (“**Individual Note Certificates**”) will not be issued in exchange for beneficial interests in either a Regulation S Global Note Certificate or any Rule 144A Global Note Certificate. See “*Form of the Notes – Exchange for Individual Note Certificates*”.

Purchasers of the Notes are hereby notified that the Issuer may be relying on the exemption provided by Rule 144A under the Securities Act. Until 40 days after the commencement of the offering, an offer or sale of the Notes in the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in compliance with Rule 144A or pursuant to another exemption from the registration requirements of the Securities Act.

The information contained in this prospectus was obtained from the Issuer and other sources, but no assurance can be given by the Managers (as defined below) as to the accuracy or completeness of such information. In making an investment decision, prospective purchasers must rely upon their own examination of the Issuer and the terms of the offering, including the merits and risks involved.

The Issuer accepts responsibility for the information contained in this prospectus. To the best of its knowledge and belief (having taken all reasonable care to ensure that such is the case) the information contained in this prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information.

The Notes are obligations of the Issuer only and will not be obligations or responsibilities of, or guaranteed by, any other person. In particular, the Notes will not be obligations or responsibilities of, or guaranteed by, the Trustee, the Share Trustee, the Corporate Services Provider, the Swap Counterparty, the Liquidity Facility Provider, any Paying Agent (each as defined herein), the Common Depository, the Managers, or HSBC Bank plc (“**HSBC**”) (whether in its capacity as Originator, Joint Lead Manager, Sole Arranger, Sole Bookrunner, Cash Manager or otherwise) or any company in the same group of companies as, or affiliated with, HSBC, the Corporate Services Provider or any other person other than the Issuer and none of any such persons will accept any liability whatsoever to Noteholders.

Neither this document nor any part hereof constitutes an offer of, or an invitation by, or on behalf of the Issuer or the Managers to subscribe for or purchase any of the Notes and neither this document, nor any part hereof, may be used for or in connection with any offer to, or solicitation by, any person in any jurisdiction or in any circumstances in which such offer or solicitation is not authorised or to any person to whom it is unlawful to make such offer or solicitation. A more detailed description of the restrictions on offers, sales and deliveries of the Notes and the distribution of this prospectus is set out in “*Subscription and Sale*” below.

Accordingly, the Notes may not be offered or sold, directly or indirectly, and neither this document nor any part thereof nor any other offering circular, prospectus, form of application, advertisement, other

offering materials nor other information may be issued, distributed or published in any country or jurisdiction (including the United Kingdom), except in circumstances that will result in compliance with all applicable laws, orders, rules and regulations. See “*Subscription and Sale*” below.

No person is authorised to give any information or to make any representation concerning the issue of the Notes other than those contained in this prospectus. If any such information is given by any broker, transferor or any other person, it must not be relied upon as having been authorised by the Issuer, HSBC, the Cash Manager or the Managers. Neither the delivery of this prospectus nor any offer, sale or solicitation made in connection herewith shall, in any circumstances, imply that the information contained herein is correct at any time subsequent to the date of this prospectus.

Other than the approval of this prospectus in accordance with the Prospectus Rules, an application to the UKLA for admission of the Notes to the Official List and for the admission to trading of the Notes on the regulated market of the London Stock Exchange, no action has been or will be taken by the Issuer, HSBC or the Managers that would permit a public offering of the Notes or the distribution of this document in any jurisdiction. The distribution of this document and the offering of these Notes in certain jurisdictions may be restricted by law; persons into whose possession this prospectus (or any part hereof) comes are required by the Issuer, HSBC and the Managers to inform themselves about, and to observe, any such restrictions. Neither this document nor any part hereof constitutes an offer or an invitation by, or on behalf of, the Issuer, HSBC or the Managers or any of them to subscribe for or purchase any of the Notes and neither this document nor any part hereof may be used for or in connection with an offer to, or a solicitation by, any person in any jurisdiction or in any circumstances in which such offer or solicitation is not authorised or is unlawful. For a description of certain further restrictions on offers and sales of Notes and distribution of this prospectus, see “*Form of Notes*” and “*Subscription and Sale*”.

It is a condition of the issue of the Notes that on issue the A Notes are each assigned a AAA rating by Standard & Poor’s Ratings Services, a division of The McGraw-Hill Companies, Inc. (“**Standard & Poor’s**”) and a Aaa rating by Moody’s Investors Services Limited (“**Moody’s**”), that the B Notes are assigned at least a AA rating by Standard & Poor’s and at least a Aa2 rating by Moody’s, that the C Notes are assigned at least a A rating by Standard & Poor’s and at least a A2 rating by Moody’s and that the D Notes are assigned at least a BBB rating by Standard & Poor’s and at least a Baa2 rating by Moody’s and that the E Notes are assigned at least a BB rating by Standard & Poor’s and at least a Ba2 rating from Moody’s. Standard & Poor’s and Moody’s are together referred to herein as the “**Rating Agencies**”. It is not expected that the F Notes will be rated. **A security rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the assigning rating organisation.**

Payments of interest and principal in respect of the Notes will be subject to any applicable withholding taxes without the Issuer being obliged to pay additional amounts therefor. See Condition 9 under “Conditions of the Notes”.

In connection with the issue of any of the Notes, HSBC Bank plc (in such capacity the “Stabilising Manager”) or any other person named as the Stabilising Manager(s) (or persons acting on behalf of a Stabilising Manager) may over-allot Notes (provided that the aggregate principal amount of Notes allotted does not exceed 105 per cent. of the aggregate principal amount of the relevant Class) or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, there is no assurance that the Stabilising Manager(s) (or persons acting on behalf of a Stabilising Manager) will undertake stabilisation action. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the Notes is made and, if begun, may be ended at any time, but it must end no later than the earlier of thirty days after the issue date of the relevant Class of Notes and sixty days after the date of the allotment of the Notes.

NOTICE TO U.S. INVESTORS

With respect to the issue and sale of the Notes in the United States, this prospectus is highly confidential and has been prepared by the Issuer solely for use in connection with the issue of the Notes. In the United States, this prospectus is personal to each person or entity to whom it has been delivered by the Issuer or a Manager or an affiliate thereof. Distribution in the United States of this prospectus to any person other than such persons or entities and those persons or entities, if any, retained to advise such persons or entities is unauthorised and any disclosure of any of its contents, without the prior written consent of the Issuer, is prohibited. Each prospective purchaser in the United States, by accepting delivery of this prospectus, agrees to the foregoing and agrees not to reproduce all or any part of this prospectus.

Additionally, each purchase of any of the Notes will be deemed to have made the representations, warranties and acknowledgements that are described in this prospectus under “*Purchase and Transfer Restrictions*.” The Notes have not been nor will be registered under the Securities Act, and such securities are subject to certain restrictions on transfer. Prospective investors are hereby notified that the seller of any Note may be relying upon the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A. For a description of certain further restrictions on resale or transfer of the Notes, see “*Description of the Offered Notes*” and “*Purchase and Transfer Restrictions*.”

Offers and sales of the Notes in the United States will be made by the Managers through their affiliates which are registered broker-dealers under the United States Securities Exchange Act of 1934, as amended (the “**Exchange Act**”) or in accordance with Rule 15a-6 thereunder.

Notwithstanding anything herein to the contrary, from the commencement of discussions with respect to the transaction contemplated by this prospectus, all persons may disclose to any and all persons, without limitation of any kind, the tax treatment and tax structure of the transaction described herein and all materials of any kind (including opinions and other tax analyses) that are provided to such persons relating to such tax treatment and tax structure, except to the extent that any such disclosure could reasonably be expected to cause this offering not to be in compliance with securities laws. This authorisation to disclose the tax treatment and tax structure does not permit disclosure of information identifying the Issuer or any other party to the transaction (to the extent reasonably necessary to comply with securities laws) or the pricing (except to the extent pricing is relevant to the tax structure or tax treatment of the transaction). For the purposes of this paragraph, the tax treatment of this transaction is the purported or claimed U.S. federal income tax treatment of this transaction and the tax structure of this transaction is any fact that may be relevant to understanding the purported or claimed U.S. federal income tax treatment of this transaction.

NOTICE TO NEW HAMPSHIRE RESIDENTS

NEITHER THE FACT THAT A REGISTRATION STATEMENT OR AN APPLICATION FOR A LICENCE HAS BEEN FILED IN THE STATE OF NEW HAMPSHIRE UNDER CHAPTER 421-B OF THE NEW HAMPSHIRE REVISED STATUTES (“RSA 421-B”) NOR THE FACT THAT A SECURITY IS EFFECTIVELY REGISTERED OR A PERSON IS LICENSED IN THE STATE OF NEW HAMPSHIRE CONSTITUTES A FINDING BY THE SECRETARY OF STATE THAT ANY DOCUMENT FILED UNDER RSA 421-B IS TRUE, COMPLETE AND NOT MISLEADING. NEITHER ANY SUCH FACT NOR THE FACT THAT AN EXEMPTION OR EXCEPTION IS AVAILABLE FOR A SECURITY OR A TRANSACTION MEANS THAT THE SECRETARY OF STATE HAS PASSED IN ANY WAY UPON THE SECURITY OR TRANSACTION. IT IS UNLAWFUL TO MAKE, CAUSE OR CAUSE TO BE MADE, TO ANY PROSPECTIVE PURCHASER, CUSTOMER OR CLIENT ANY REPRESENTATION INCONSISTENT WITH THE PROVISIONS OF THIS PARAGRAPH.

AVAILABLE INFORMATION

The Issuer has agreed, for so long as any of the Notes are “restricted securities” within the meaning of Rule 144A(a)(3) under the Securities Act, it will, during any period in which it is not subject to and in compliance with the reporting requirements of Section 13 or 15(d) of the Exchange Act, or is exempt from reporting pursuant to Rule 12g3-2(b) under the Exchange Act, make available the information specified in, and meeting the requirements of, Rule 144A(d)(4) under the Securities Act to any holder or beneficial owner of such restricted securities or to any prospective purchaser designated by such holder or beneficial owner of such restricted securities in order to permit compliance by such holder or beneficial owner with Rule 144A in connection with the resale of such restricted securities or any interest therein, in each case at the request of such holder, beneficial owner or prospective purchaser.

By requesting copies of the documents referred to herein or by making any other requests for additional information relating to the issue of the Notes or to the Issuer, each potential investor agrees to keep confidential the various documents and all written information which from time to time has been or will be disclosed to it, to the extent that such documents or information are not otherwise publicly available, and agrees not to disclose any portion of such information to any person except in connection with the proposed resale of the Notes or as required by law.

The Issuer has agreed, for so long as any of the Notes remain outstanding, to provide to the Trustee, among other things, audited annual financial statements of the Issuer.

ENFORCEABILITY OF JUDGMENTS

The Issuer is a company incorporated under the laws of England and Wales with limited liability. All of the officers and directors are residents of England. As a result, it may not be possible to effect service of process within the United States upon such persons to enforce against them judgments of courts of the United States predicated upon the civil liability provisions of the Federal or State securities laws of the United States. There is doubt as to the enforceability of judgments in the United Kingdom, in original action or in actions for enforcements of judgments of U.S. courts, of civil liabilities predicated solely upon such securities laws.

FORWARD-LOOKING STATEMENTS

This prospectus contains statements which constitute forward-looking statements within the meaning of the United States Private Securities Litigation Reform Act of 1995. Such statements appear in a number of places in this prospectus, including with respect to assumptions on prepayment and certain other characteristics of the Securitised Advances, and reflect significant assumptions and subjective judgments by the Issuer that may or may not prove to be correct. Such statements may be identified by reference to a future period or periods and the use of forward-looking terminology such as “may”, “will”, “could”, “believes”, “expects”, “anticipates”, “continues”, “intends”, “plans”, or similar terms. Consequently, future results may differ from the Issuer’s expectations due to a variety of factors, including (but not limited to) the economic environment in the United Kingdom. Moreover, past financial performance should not be considered a reliable indicator of future performance and prospective purchasers of the Notes are cautioned that any such statements are not guarantees of performance and involve risks and uncertainties, many of which are beyond the control of the Issuer. The Managers have not attempted to verify any such statements, nor do they make any representations, express or implied, with respect thereto.

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SUMMARY INFORMATION

The information on pages 1 to 15 is a summary of the principal features of the Notes. This summary does not purport to be complete and should be read in conjunction with, and is qualified in its entirety by, the detailed information presented elsewhere in this prospectus.

General

Asset Transfer Deed

HSBC Bank plc (“**HSBC**” and, in such capacity, the “**Originator**”) is the originator of advances (“**Advances**”) pursuant to loan facilities (each, a “**Loan Facility**”) under its corporate loan portfolio. The Originator intends to securitise a specified pool of such Advances (or portions thereof) and certain rights relating thereto, through a transfer of the beneficial interest therein, effected through a declaration of trust made pursuant to an asset transfer deed between the Issuer and the Originator and dated the Closing Date, as such deed may be amended and/or supplemented from time to time (the “**Asset Transfer Deed**”).

The Asset Transfer Deed relates to specified Advances (or portions thereof) under certain designated Loan Facilities fulfilling agreed eligibility criteria (such specified Advances or portions thereof which are subject to the trust constituted by the Asset Transfer Deed, the “**Securitised Advances**”) and certain rights relating thereto. Together, the Securitised Advances and such rights relating thereto are called the “**Securitised Portfolio**”. The Securitised Advances identified for inclusion in the Securitised Portfolio on the Closing Date are called the “**Initial Securitised Advances**”.

The Asset Transfer Deed will be made in favour of Metrix Funding No. 1 PLC (the “**Issuer**”) (as to a fixed undivided 99% interest (the “**Issuer’s Portfolio Interest**”) and the Originator (as to a fixed undivided 1% interest) (the “**Transferor’s Portfolio Interest**”).

During any Substitution Period (as defined below), HSBC as Originator may, to the extent that any Securitised Advances have repaid or prepaid, designate substitute Advances or portions thereof under certain designated Loan Facilities fulfilling agreed eligibility criteria (each, a “**Substitute Advance**”). Subject to the terms and procedures specified for substitution under, amongst other things, the Asset Transfer Deed and the Cash Management Agreement, Substitute Advances will be transferred pursuant to the Asset Transfer Deed (and the Issuer shall be required to pay a purchase price equal to 99% of the principal amount of any such Substitute Advance (such amount, the “**Substitute Advance Issuer Purchase Price Amount**”) and thereafter such Substitute Advances and rights relating thereto will comprise part of the Securitised Portfolio.

A “**Substitution Period**” means any period of time during which a Substitution Period End Trigger is not subsisting, “**Substitution Period End Trigger**” means the occurrence of any of the following events: (a) any of the Swap Agreements (as defined below) being terminated without replacement; (b) there being an amount then credited to the F Principal Deficiency Ledger (as defined below); or (c) a date falling after the Interest Payment Date falling in November 2009.

Asset Transfer Power of Attorney

HSBC as Originator will, in connection with the Asset Transfer Deed, grant to the Issuer an irrevocable power of attorney (the “**Asset Transfer Power of Attorney**”) to secure the performance by HSBC as Originator of its obligations under the Asset Transfer Deed, including its covenants to enforce rights under the Securitised Advances and to collect payments in respect of the Securitised Portfolio in the ordinary course of its business and remit the proceeds relating to the Issuer’s Portfolio Interest to the Issuer.

The Asset Transfer Power of Attorney entitles the Issuer to enforce the Securitised Advances in the name of HSBC as lender of record following the occurrence of certain specified Power of Attorney Events.

Securitised Portfolio

The Initial Securitised Advances and Substitute Advances, at the time of transfer pursuant to the Asset Transfer Deed, will be required to fulfil certain agreed Eligibility Criteria (as defined below) (see “*Asset Transfer Deed – Eligibility Criteria for Securitised Advances*”) including:

- the Initial Securitised Advances and Substitute Advances must be denominated in sterling, US dollars or euro;
- the underlying borrower (each, a “**Borrower**”) in respect of each Initial Securitised Advance and Substitute Advance is a corporate entity incorporated in England and Wales, Scotland, Northern Ireland, British Virgin Islands, Bermuda, Jersey or The Netherlands;
- the Loan Facility under which each Initial Securitised Advance and Substitute Advance is drawn is governed by English law; and
- the Loan Facility under which each Initial Securitised Advance and Substitute Advance is drawn contains a waiver of set-off by the borrower thereunder.

If any Securitised Advance failed to fulfil the Eligibility Criteria at the relevant time of transfer, HSBC will be required to repurchase such Advance (and such Advance may be replaced by a Substitute Advance pursuant to the terms of the Asset Transfer Deed and provided such repurchase takes place during a Substitution Period).

Servicing of Securitised Portfolio and Cash Management

HSBC will act as servicer of the Securitised Portfolio and will also provide certain cash management services in relation to the transaction pursuant to a cash management agreement dated the Closing Date between HSBC (as Cash Manager) and the Issuer, as the same may be amended and/or supplemented (the “**Cash Management Agreement**”).

Issue of Notes by Issuer

The Issuer will fund its acquisition of the Issuer’s Portfolio Interest through issuance of the Notes.

Issue Price for the Notes

The Managers will, subject to the satisfaction of certain conditions set forth in a subscription agreement between the Managers and the Issuer, subscribe for Notes at an issue price of 100 per cent. of their principal amount.

Closing Date The “**Closing Date**” will be on or about 23 November 2005 (or such later date as may be agreed between the Issuer, the Joint Lead Managers and the Trustee).

Maturity Date The “**Legal Final Maturity Date**” for the Notes is the Interest Payment Date falling in February 2019. Prior to the Legal Final Maturity Date, the Notes will be subject to unscheduled mandatory redemption in accordance with Condition 6.

Constitution and Security for the Notes The Notes will constitute secured, direct and unconditional obligations of the Issuer. The Notes will be constituted by a trust deed (the “**Trust Deed**”) between the Issuer and Deutsche Trustee Company Limited (the “**Trustee**”). The Trust Deed will provide that the Trustee may retire at any time on giving not less than three months’ prior written notice to the Issuer without assigning any reason and without being responsible for any costs occasioned by such retirement. In addition, the A Noteholders or, if none of the A Notes remain outstanding, the B Noteholders or, if none of the B Notes remain outstanding, the C Noteholders or, if none of the C Notes remain outstanding, the D Noteholders or, if none of the D Notes remain outstanding, the E Noteholders shall have the power exercisable by Extraordinary Resolution to remove the Trustee or, if none of the E Notes remain outstanding, the F Noteholders shall have the power exercisable by Extraordinary Resolution to remove the Trustee. The retirement or removal of the Trustee shall not become effective until a successor trustee, being a trust corporation, is appointed.

As security for, among other things, the payment of all monies payable in respect of the Notes, the Issuer will enter into a deed of charge (the “**Deed of Charge**”) to be dated on or prior to the Closing Date and between, among others, the Issuer and the Trustee creating a first fixed security interest in favour of the Trustee for itself and on trust for other persons by way of assignment of, among other things, the Issuer’s right, title and interest, present and future, in, to and under the Issuer’s Portfolio Interest. All Notes share the same security. The security will stand as security for, among other obligations, amounts payable by the Issuer to the holders of the Notes, but payments on the A Notes will rank in priority to all payments on the B Notes, the C Notes, the D Notes and the E Notes, payments on the B Notes will rank in priority to all payments on the C Notes, the D Notes and the E Notes, payments on the C Notes will rank in priority to all payments on the D Notes and the E Notes, payments on the D Notes will rank in priority to all payments the E Notes and payments on the E Notes will rank in priority to payments on the F Notes. See “*Conditions of the Notes – Status, Priority and Security*”.

The Issuer has limited assets, generally being the Issuer’s Portfolio Interest and its right, title and interest in, to and under the Asset Transfer Deed, the Cash Management Agreement, the Swap Agreements and the Issuer Accounts.

Amounts available to the Issuer for payment of interest on the Notes and repayment of principal on the Notes will be derived solely from amounts available to the Issuer under the

terms of the Asset Transfer Deed and the Cash Management Agreement (including funds standing to the credit of the Issuer Accounts), and amounts received by or on behalf of the Issuer under the Swap Agreements (in exchange for payment thereunder of the required amount by or on behalf of the Issuer), pursuant to the Liquidity Facilities and in respect of the Reserve Account (in accordance with the Priorities of Payments).

Swap Agreements

The Securitised Advances may be denominated in any of sterling, US dollars or euro and will bear interest at a variety of interest rates payable on a variety of dates. The Notes will be denominated in sterling, US dollars and euro and will bear interest at the Interest Rate payable on Interest Payment Dates. In order to hedge the different currencies, rates and payment dates in respect of the Issuer's Portfolio Interest and the Notes, the Issuer will enter into swap agreements documented under 1992 ISDA Master Agreements (Multicurrency – Cross Border Edition) including in each case a schedule, one or more confirmations and credit support annex relating thereto as amended and/or supplemented from time to time (the “**Swap Agreements**”, as further defined and described below) with the Swap Counterparty. The provisions of the Swap Agreements do not allow for netting across each Swap Agreement. The Swap Agreements will provide for certain collateralisation and replacement obligations in respect of any downgrade of the Swap Counterparty. See “*Transaction Cashflows – Swap Agreements*”.

Expenses Loan

HSBC (in its capacity as the expenses loan provider, the “**Expenses Loan Provider**”) will make a loan to the Issuer on the Closing Date (the “**Expenses Loan**”) upon and subject to the terms of an expenses loan agreement, as the same may be amended and/or supplemented (the “**Expenses Loan Agreement**”). The Expenses Loan will not exceed £40,000,000 and will be used by the Issuer to fund the Reserve Account up to the Required Reserve Amount and will be available to meet certain fees and expenses of the Issuer incurred in connection with the issue of the Notes.

Sales Restrictions in Respect of the Notes

Selling restrictions will apply to the Notes. See “*Subscription and Sale*”.

Listing

Application has been made to the UKLA for admission of the Notes to the Official List and application has been made for admission of the Notes to trading on the regulated market of the London Stock Exchange.

Rating

The Notes are expected to be rated as follows:

<u>Class</u>	<u>Expected S&P Rating</u>	<u>Expected Moody's Rating</u>
A1 Notes	AAA	Aaa
A2 Notes	AAA	Aaa
A3 Notes	AAA	Aaa
B1 Notes	AA	Aa2
B2 Notes	AA	Aa2
B3 Notes	AA	Aa2
C1 Notes	A	A2
C2 Notes	A	A2
D1 Notes	BBB	Baa2
D2 Notes	BBB	Baa2
E1 Notes	BB	Ba2
E2 Notes	BB	Ba2
E3 Notes	BB	Ba2
F Notes	Unrated	Unrated

A security rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the assigning rating organisation.

Governing Law

The Asset Transfer Deed, the Notes and other Transaction Documents will be governed by English law.

Notes**Issue**

The Notes comprise the A Notes, B Notes, C Notes, D Notes, E Notes and F Notes to be issued on the Closing Date by the Issuer. The Notes fall due for redemption on the Legal Final Maturity Date, but will be subject to earlier mandatory redemption in certain circumstances and in the manner set forth in the Conditions. The Notes will be issued by the Issuer pursuant to the Trust Deed to be dated on or prior to the Closing Date and made between the Issuer and the Trustee.

Use of Proceeds of the Notes

The Issuer will utilise the net proceeds of the issue of Notes and other amounts to acquire the Issuer's Portfolio Interest pursuant to the Asset Transfer Deed. The Issuer's Portfolio Interest represents an undivided 99% interest in the Securitised Portfolio (including any Substituted Loans in respect thereof, if applicable).

Notes are Payment Obligations of the Issuer Only

The Notes are obligations of the Issuer only and will not be obligations or responsibilities of, or guaranteed by, any other person. In particular, the Notes will not be obligations or responsibilities of, or guaranteed by, HSBC, the Trustee, the Share Trustee, the Swap Counterparty, the Liquidity Facility Provider, any Paying Agent, the Common Depositary, the Managers, the Cash Manager, the Corporate Services Provider or any company in the same group of companies as, or affiliated with, any of such persons or any other person other than the Issuer and none of any such persons will accept any liability whatsoever to Noteholders.

Form and Denomination of the Notes

The Notes will be in registered form and each Class of Notes will initially be represented by a Global Note Certificate in fully registerable form without interest coupons or principal receipts attached, each of which is expected to be deposited with the Common Depositary or, in the case of Rule 144A Notes, a nominee of DTC, on or about the Closing Date. Individual Note Certificates, evidencing holdings of Notes will only be available in certain limited circumstances. The Notes will be offered in minimum denominations of £50,000 (and integral multiples of £10,000 in excess thereof) in the case of the Sterling Notes, €50,000 (and integral multiples of €10,000 in excess thereof) in the case of the Euro Notes, and \$100,000 (and integral multiples of \$10,000 in excess thereof) in the case of the Dollar Notes. See “*Form of Notes*”.

No Registration

The Notes have not been registered under the Securities Act. The Issuer has not been and will not be registered under the Investment Company Act. The Rule 144A Notes are being offered in the United States only to QIBs. The Issuer is relying on the exemption from the requirements of the Investment Company Act provided by Section 3(c)(7) thereunder. Accordingly, all United States investors are required to be QPs. The Notes are also being offered outside the United States in accordance with Regulation S. See “*Subscription and Sale*”.

Interest

Interest on the Notes is payable in arrear on each Interest Payment Date. An “**Interest Payment Date**” is the 10th day of February, May, August and November in each year, subject to adjustment for non-Business Days in the manner set out in the Conditions. “**Business Day**” in respect of Interest Payment Dates means a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealings in foreign exchange and foreign currency deposits) in London and New York and on which the TARGET System is open. The first Interest Payment Date will fall in February 2006. An “**Interest Period**” is a period commencing on (and including) an Interest Payment Date or, in the case of the first such period, commencing on (and including) the Closing Date (as defined herein), and ending on but excluding the first Interest Payment Date and, in the case of the final such period, ending on (but excluding) the Legal Final Maturity Date.

From the Closing Date, the Notes will bear interest at the basis rate plus the applicable margin (the “**Interest Rate**”) for each class specified below payable in arrear on each Interest Payment Date.

Class	Basis Rate	Applicable Margin (% per annum)
A1	Sterling LIBOR	0.21
A2	EURIBOR	0.21
A3	US dollar LIBOR	0.20
B1	Sterling LIBOR	0.31
B2	EURIBOR	0.31
B3	US dollar LIBOR	0.31
C1	Sterling LIBOR	0.60
C2	EURIBOR	0.60
D1	Sterling LIBOR	0.95
D2	EURIBOR	0.95
E1	Sterling LIBOR	3.10
E2	EURIBOR	3.10
E3	US dollar LIBOR	3.10
F	Sterling LIBOR	5.50

Withholding Tax

In the event that any withholding or deduction for any taxes, levies, duties, imposts, assessments or charges of whatsoever nature is imposed, levied, collected, withheld or assessed on payment of principal or interest in respect of the Notes (as defined in the Conditions) by the United Kingdom or any political subdivision thereof or any supra-national entity to which the United Kingdom belongs or any authority in or of such jurisdiction having power to tax, or by any other jurisdiction or authority, neither the Issuer nor any Paying Agent will be required to make any additional payments to holders of the Notes in respect of such withholding or deduction.

Mandatory Unscheduled Redemption

Upon the commencement of any period (an “**Amortisation Period**”) which is not a Substitution Period, the Issuer shall give notice thereof to the Trustee and the Noteholders and the Notes will amortise in the manner specified in the Conditions. On each Interest Payment Date during any Amortisation Period, the Notes will be redeemed to the extent of funds available therefor in accordance with the Available Principal Funds Priority of Payments (as defined below). An Amortisation Period will cease at any time upon which a further Substitution Period occurs.

In addition, the Notes may be redeemed in full by the Issuer in accordance with Condition 6: (a) on any Interest Payment Date falling on or after the Interest Payment Date falling in February 2010; (b) on any Interest Payment Date which falls on or after the date the new Basel Capital Accord (as described in the document titled “The International Convergence of Capital Measurement and Capital Standards: A Revised Framework” published in June 2004 by the Basel Committee on Banking Supervision) has been implemented in the United Kingdom, whether by rule of law, recommendation of best practices or by any other regulation (including pursuant to implementation in the United Kingdom of the EU Capital Requirements Directive); (c) on any Interest Payment Date upon which the then aggregate Principal Amount Outstanding of the Notes is less than ten per cent. of the aggregate Principal Amount Outstanding of the Notes as calculated on the Closing Date.

Final Redemption

If the Notes have not previously been redeemed as described above under “*Mandatory Unscheduled Redemption*” the Notes will be redeemed at their then Principal Amount Outstanding (as defined in the Conditions) on the Legal Final Maturity Date in accordance with the priority of payments set forth in the Conditions.

F Notes

The F Notes will not be rated by any rating agency.

Certain ERISA and Other Considerations

The A Notes, B Notes, C Notes and D Notes (or interests therein) may be purchased and held by benefit plan investors, subject to certain restrictions. By accepting and holding an A Note, B Note, C Note or D Note (or an interest therein), certain assurances will be deemed to have been given. The E Notes or the F Notes (or interests therein) are not designed to be, and may not be, acquired or held by benefit plan investors subject to certain U.S. benefits laws. Each purchaser of a an E Note or an F Note (or an interest therein) will be deemed to represent and agree that it is not and will not be a benefit plan investor subject to certain U.S. benefit laws, and will be deemed to have given certain other assurances. See “*Certain ERISA and Other Considerations*”.

Parties**Issuer**

The Issuer is Metrix Funding No. 1 PLC, a public company incorporated with limited liability under the laws of England and Wales on 24 June 2005, with registered number 5490390 and having its registered office at c/o Structured Finance Management Ltd., 35 Great St. Helen’s, London, EC3A 6AP (tel: +44 (0)20 7398 6300). The Issuer is a newly created special purpose company established for the purpose of issuing asset backed securities. The entire issued share capital of the Issuer (other than one share held by a nominee holder) is held by Metrix Funding Holdings Limited (“**HoldCo**”). The entire issued share capital of HoldCo is held by SFM Corporate Services Limited (in such capacity the “**Share Trustee**”) as share trustee on trust for charitable purposes. Certain corporate services are provided to the Issuer by Structured Finance Management Limited (in such capacity the “**Corporate Services Provider**”) pursuant to the Corporate Services Agreement and certain administrative and financial reporting services are provided to the Issuer by the Cash Manager pursuant to the Cash Management Agreement. See “*Issuer*”.

Trustee

Deutsche Trustee Company Limited will be the Trustee for the holders of the Notes pursuant to the terms of the Trust Deed to be dated on or prior to the Closing Date between the Issuer and the Trustee. Pursuant to the Deed of Charge, the Notes will be secured by security created by the Issuer in favour of Deutsche Trustee Company Limited and other persons expressed to be secured parties thereunder.

Transferor in respect of Securitised Portfolio; Servicer and Cash Manager	HSBC is the transferor (by way of acting as trustee) pursuant to the Asset Transfer Deed and is the Servicer and Cash Manager pursuant to the Cash Management Agreement. See, “ <i>Asset Transfer Deed</i> ”, “ <i>Cash Management</i> ” and “ <i>HSBC and HSBC’s Credit Policies and Procedures</i> ”.
Asset Transfer Deed – Beneficiaries	The Issuer (as to the Issuer’s Portfolio Interest) and the Originator (as to the Transferor’s Portfolio Interest) are the beneficiaries pursuant to the Asset Transfer Deed. See “ <i>Asset Transfer Deed</i> ”.
Swap Counterparty	HSBC (in such capacity, the “ Swap Counterparty ”) will be the Swap Counterparty. See “ <i>Swap Agreements</i> ”.
Liquidity Facility Provider	ING Bank N.V. (in such capacity, the “ Liquidity Facility Provider ”).
Paying Agents	HSBC Bank plc, as Principal Paying Agent and HSBC Bank USA, National Association, as New York Paying Agent together with any successor or additional paying agents appointed from time to time in connection with the Notes under the Agency Agreement (together, the “ Paying Agents ”).
Sole Arranger and Sole Bookrunner	HSBC Bank plc
Joint Lead Managers	HSBC Bank plc and UniCredit Banca Mobiliare S.p.A. will be the Joint Lead Managers of the offering of the Notes.
Co-Manager	ING Belgium sa/nv will be the co-manager of the offering of the Notes (and together with the Joint Lead Managers, the “ Managers ”).
Optionholder under Post Enforcement Call Option Agreement	Metrix Funding Holdings Limited is the holder of the Post Enforcement Call Option (as defined in the Conditions).
Corporate Services Provider	Structure Finance Management Limited.
Share Trustee	SFM Corporate Services Limited.
Transaction Documents	<p>The Account Bank Agreement, the Asset Transfer Deed, the Collection Account Declaration of Trust, the Liquidity Facility Agreements, the Agency Agreement, the Post Enforcement Call Option Agreement, the Deed of Charge, the Cash Management Agreement, the Swap Agreements, the Master Definitions Schedule, the Trust Deed, the Expenses Loan Agreement, and the Subscription Agreement (together, the “Transaction Documents”).</p> <p>“Account Bank Agreement” means the account bank agreement to be dated on or about the Closing Date between the Issuer, the Originator, the Cash Manager, the Account Bank and the Trustee, as the same may be amended and/or supplemented.</p> <p>“Collection Account Declaration of Trust” means the collection account declaration of trust to be dated on or about the Closing Date to be made by the Originator, as the same may be amended and/or supplemented.</p>

“**Master Definitions Schedule**” means the master definitions schedule to be dated on or about the Closing Date between, inter alios, the Issuer and the Trustee, as the same may be amended and/or supplemented.

Asset Transfer Deed

The Asset Transfer Deed relates to the Securitised Advances under certain designated Loan Facilities fulfilling agreed eligibility criteria. The Asset Transfer Deed will be made on the Closing Date in favour of the Issuer as to a fixed undivided 99% interest and the Originator as to a fixed undivided 1% interest.

During any Substitution Period, to the extent that the Securitised Advances have repaid or prepaid, HSBC may designate Substitute Advances in replacement thereof. Subject to the terms and procedures specified for substitution under the Asset Transfer Deed, Substitute Advances will be transferred pursuant to the Asset Transfer Deed (and the Issuer shall be required to pay a purchase price equal to 99% of the principal amount of any such Substitute Advance (such amount, the “**Substitute Advance Issuer Purchase Price Amount**”)) and such Substitute Advances will comprise part of the Securitised Portfolio.

Under the Asset Transfer Deed, the Originator holds on trust on the terms of the Asset Transfer Deed the following property:

- (a) all right, title and interest, present and future, in, to and under the Securitised Advances (which are represented, at the time of designation, under and pursuant to the Asset Transfer Deed) (unless and until a beneficial interest in such Securitised Advance is re-acquired in accordance with the terms of the Asset Transfer Deed for breach of warranty, and ceases to be held on trust under the Asset Transfer Deed);
- (b) all monies due or to become due in payment of the Securitised Advances, including: accrued and unpaid Interest Collections (as defined below) on the Securitised Advances (including any increase in or element of such interest relating to mandatory liquid asset costs however described); and accrued and unpaid Principal Collections, being repayments of principal in relation thereto or proceeds of disposition of the foregoing;
- (c) all monies relating to the Collections (whether on deposit in the Originator Collection Accounts or otherwise) and interest, if any, earned on such monies; and
- (d) all of the Originator’s right, title and interest, present and future, in, to and under the Loan Facilities in the Originator’s capacity as lender and to the extent related to the Securitised Advances including, without limitation, rights in respect of any guarantee, security, or collateral in relation thereto (including any additional amounts or fees in relation to early repayment but not including any commitment fee, undrawn commitment fee, facility entry fee, agency fee, administration fee or any other fee not being an Interest Collection or

Principal Collection related to any Securitised Advance), and rights to direct the agent to exercise certain powers in relation to any relevant syndicated Loan Facility but not including any document relating to such Loan Facilities.

Under the Asset Transfer Deed, the Originator has also made certain representations and warranties. See “*Asset Transfer Deed – Representations and Warranties of the Originator*”.

In accordance with the Asset Transfer Deed, the Originator maintains information in relation to all Loan Facilities to which the Securitised Portfolio relates. The Originator is required to identify all such Loan Facilities under which any Securitised Advance is drawn pursuant to a memorandum (the “**Portfolio Memorandum**”), as the same may be supplemented from time to time. Generally, other than in circumstances of a Power of Attorney Event (as defined herein), the Portfolio Memorandum shall be kept confidential by the Originator. On the occurrence of a Power of Attorney Event, the Originator shall deliver the Portfolio Memorandum to the Issuer. See “*Asset Transfer Deed*”.

Beneficial Interests in Securitised Portfolio and related property

The Securitised Portfolio and related rights are held by the Originator on trust for the Issuer and the Originator in accordance with their respective interests thereto. The beneficial interest of the Issuer in the Securitised Portfolio and related property is referred to herein as the “**Issuer’s Portfolio Interest**” and comprises the Issuer’s fixed undivided 99% interest in the Securitised Advances and Collections arising under those Advances. The beneficial interest of the Originator in the Securitised Portfolio and related property is referred to herein as the “**Transferor’s Portfolio Interest**” and comprises the Originator’s fixed undivided 1% interest in the Securitised Advances and Collections arising under those Advances.

Asset Transfer Power of Attorney

HSBC as Originator will, in connection with the Asset Transfer Deed, grant to the Issuer an irrevocable power of attorney (the “**Asset Transfer Power of Attorney**”) to secure the performance by HSBC as Originator of its obligations under the Asset Transfer Deed, including its covenants to enforce rights under the Securitised Advances and to collect payments in respect of the Securitised Portfolio in the ordinary course of its business and remit the proceeds relating to the Issuer’s Portfolio Interest to the Issuer.

The Asset Transfer Power of Attorney entitles the Issuer to enforce the Securitised Advances in the name of HSBC as lender of record under the Loan Facilities following the occurrence of certain specified Power of Attorney Events.

Eligibility Criteria

Advances (including any Substitute Advances) which are identified for inclusion in the Securitised Portfolio are required to fulfil the Eligibility Criteria (as defined below) and the Originator will represent and warrant as to such compliance. See “*Asset Transfer Deed – Criteria for Securitised Advances*”. The Eligibility Criteria require that the Loan

Facility under which any such Securitised Advance is drawn must be, on the date upon which such Securitised Advance becomes designated as comprising a part of the Securitised Portfolio, a “**Portfolio Designated Facility**”. In order to be a Portfolio Designated Facility, a designated Loan Facility must fulfil the Facility Eligibility Criteria (as defined below) which are set forth in the Asset Transfer Deed. See “*Asset Transfer Deed – Loan Facilities and Eligibility Criteria relating to Loan Facilities*”.

If a representation made by the Originator in respect of a Securitised Advance proves to have been incorrect when made, the Originator will re-acquire the entire beneficial interest in that Securitised Advance and shall pay the Issuer an amount equal to 99% of the principal amount outstanding of the relevant Advance and such Advance will thereafter not comprise part of the Securitised Portfolio. See “*Asset Transfer Deed – Remedy for Breach of Representation*”.

Substitute Advances

During any Substitution Period, to the extent that the Securitised Advances have been repaid or prepaid in whole or in part, HSBC as Originator may identify Substitute Advances for inclusion in the Securitised Portfolio (subject to such Substitute Advance fulfilling the Eligibility Criteria on any such date of inclusion). Subject to the terms and procedures specified for substitution under the Asset Transfer Deed, the Substitute Advances will be transferred pursuant to the Asset Transfer Deed and such Substitute Advances will comprise part of the Securitised Portfolio.

Servicing

HSBC as Servicer will continue to service the Securitised Portfolio following the Closing Date in accordance with the standards and procedures set forth in the Cash Management Agreement. See “*Cash Management*”.

Cash Management

HSBC has been appointed as cash manager pursuant to the Cash Management Agreement (in such capacity, the “**Cash Manager**”, which term includes any successor to HSBC as Cash Manager). The Cash Manager is responsible for certain calculations, allocations and cash transfers pursuant to the Securitised Portfolio and the Asset Transfer Deed.

The Cash Manager is entitled to a fee (the “**Cash Management Fee**”) payable in accordance with the Priorities of Payments.

HSBC may not resign as Cash Manager, but in certain circumstances its appointment as Cash Manager may be terminated and a successor appointed in its place. See “*Cash Management*”.

Collections

The Originator shall collect:

- (1) all payments of interest in relation to Securitised Advances including:
 - (i) late payment penalties;
 - (ii) prepayment penalties or any analogous penalty;
 - (iii) interest components of liquidation proceeds in respect of any Defaulted Advance to the extent such proceeds are realised on the day upon which

the relevant Securitised Advance becomes a Defaulted Advance;

- (iv) liquidation proceeds in respect of any Defaulted Advance to the extent such proceeds are realised at any time after the day upon which the relevant Securitised Advance becomes a Defaulted Advance (and any such liquidation proceeds are called “**Recoveries**”);
- (v) the amount paid in relation to accrued but unpaid interest (to the date of re-acquisition) in relation to a Securitised Advance which is re-acquired by the Originator in accordance with the terms of the Asset Transfer Deed and in respect of which Re-acquisition Proceeds (as defined below) are paid;
- (vi) any increase in or element of such interest relating to mandatory liquid asset costs (being the non-interest-bearing deposits required to be made by the Originator with the Bank of England and the Financial Services Authority fee required to be paid in accordance with UK banking regulation and which may be a component of the interest payments made under certain of the Securitised Advances);
- (vii) the interest component of proceeds of applicable guarantees or other security relating to such Securitised Advances;

but not including any commitment fee, undrawn commitment fee, facility entry fee, agency fee or administration fee or any other fee not being referable to interest charged or principal to be repaid in relation to a Securitised Advance. Collectively, such interest collections (including amounts represented by items (i) through (vi) immediately above) are referred to as “**Interest Collections**”;

- (2) all principal repayments in relation to Securitised Advances including:
 - (i) the principal component of proceeds of applicable guarantees or other security relating to such Securitised Advances;
 - (ii) the proceeds of re-acquisition of such Securitised Advance where the Originator is required to re-acquire, for breach of warranty or otherwise, the relevant Securitised Advance pursuant to the terms of the Asset Transfer Deed to the extent that such proceeds relate to the principal balance of the relevant Securitised Advance (and such principal proceeds of re-acquisition are called “**Re-acquisition Proceeds**”);
 - (iii) the principal component realised in respect of any liquidation proceeds in respect of any Defaulted Advance to the extent such proceeds are realised on the day upon which the relevant Securitised Advance becomes a Defaulted Advance.

Collectively, such principal collections (including amounts represented by items (i) through (iii) immediately above) are referred to as “**Principal Collections**” and together Interest Collections and Principal Collections are referred to as “**Collections**”.

The Originator shall deposit (or direct that all amounts are deposited) in respect of all Interest Collections and Principal Collections into the Originator Collection Accounts (as defined below).

Collections deposited in the Originator Collection Accounts shall be allocated on a daily basis by the Originator pursuant to the terms of the Asset Transfer Deed, between the Issuer’s Portfolio Interest and the Transferor’s Portfolio Interest. All such amounts allocated to the Issuer’s Portfolio Interest will be transferred daily to the relevant Collection Account of the Issuer (as defined herein) by the Cash Manager pursuant to the Cash Management Agreement. All such amounts allocated to the Transferor’s Portfolio Interest will be transferred daily to such account as the Originator may direct.

Application of Principal Collections and other amounts during any Substitution Period and any Amortisation Period

During a Substitution Period the Cash Manager shall calculate the Principal Collections and other principal amounts available in respect of the Issuer’s Portfolio Interest. Following such calculations the Cash Manager shall calculate and apply such amounts (in accordance with the Cash Management Agreement) towards acquisition of Substitute Advances to be transferred into the Securitised Portfolio. During any Amortisation Period, Principal Collections will be applied in respect of mandatory unscheduled redemption of the Notes in accordance with the Conditions.

Sale of Securitised Portfolio

The Asset Transfer Deed provides that, in certain circumstances where the Issuer may be entitled to redeem the Notes, including (i) the then Total Portfolio Balance being less than ten per cent. of the Total Portfolio Balance calculated as at the Closing Date or (ii) implementation of the Basel Capital Accord as described in Condition 6(d), the Originator shall have the option to re-acquire its entire beneficial interest in the Securitised Portfolio and related property. In the event of such acquisition, the Issuer shall redeem the remaining Notes at their Principal Amount Outstanding.

Reserve Account

On or prior to the Closing Date, the Issuer will establish a reserve account (the “**Reserve Account**”) which will be funded on each Interest Payment Date to the extent of funds available pursuant to the Available Income Funds Priority of Payments up to the Required Reserve Amount (defined below) and, in addition, where applicable, to the extent of funds available pursuant to the Available Principal Funds Priority of Payments up to the Required Liquidity Reserve Amount (as defined below). The Reserve Account will be an account maintained in the name of the Issuer with a Qualifying Institution (as defined herein). Pending use by the

Issuer to make payments in accordance with the Priority of Payments, funds standing to the credit of the Reserve Account will be invested in Permitted Investments (as defined herein).

Issuer Accounts

On or prior to the Closing Date the Issuer will open transaction accounts (collectively, the “**Issuer Accounts**”) as further described below. Each Issuer Account is an account in the name of the Issuer held at a Qualifying Institution (which will, on the Closing Date, be HSBC (the “**Account Bank**”)) and amounts which are to be paid to the Issuer pursuant to the terms of the Asset Transfer Deed and Cash Management Agreement, in the absence of any other direction from the Issuer or the Trustee, will be paid into or to the order of the relevant Issuer Account.

Default Amounts

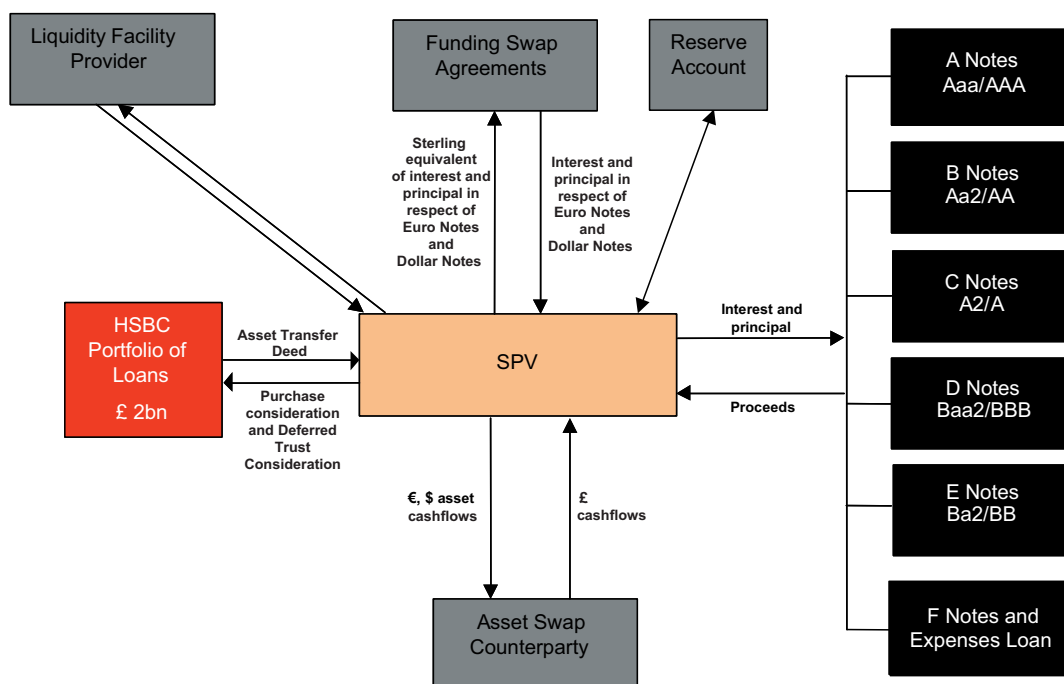
On each Calculation Date, the Originator will calculate and advise the Issuer of the principal amounts due in relation to Defaulted Advances (as defined below) (“**Default Amounts**”) arising during the preceding Calculation Period.

A Securitised Advance shall become a “**Defaulted Advance**” upon the earlier of (a) the relevant Borrower (as defined herein) failing to pay any interest or principal due in respect of the relevant Advance within 24 months of such amount becoming due or (b) the sums owed by the relevant Borrower in respect of such Securitised Advance being written off by the Originator (see “*HSBC and HSBC’s Credit Policies and Procedures*”).

Losses in relation to Defaulted Advances will be allocated as to 99% to the Issuer.

Structure Diagram

Below is a structure diagram which gives an overview of the transaction:



RISK FACTORS AND INVESTMENT CONSIDERATIONS

In evaluating whether to purchase Notes, prospective investors should carefully consider the following risk factors and investment considerations, in addition to the other information contained elsewhere in this prospectus. Prospective investors should consult an appropriate professional adviser if in any doubt about the contents of this prospectus.

Structural Considerations

Obligations of the Issuer Only

The Notes will be obligations of the Issuer only and will not be obligations or responsibilities of, or guaranteed by, any other person. In particular, the Notes will not be obligations or responsibilities of, or guaranteed by, the Trustee, the Share Trustee, the Swap Counterparty, the Liquidity Facility Provider, any Paying Agent, the Common Depositary, the Managers, the Cash Manager, HSBC (whether in its capacity as Originator, Joint Lead Manager or otherwise), the Corporate Services Provider or any company in the same group of companies as, or affiliated with, HSBC. No-one other than the Issuer will accept any liability whatsoever in respect of any failure by the Issuer to pay any amounts due under the Notes.

Limited Assets

The Issuer has limited assets, being the Issuer's Portfolio Interest pursuant to the Asset Transfer Deed and its right, title and interest in, to and under the Swap Agreements (subject to the netting and set-off provisions contained therein) and the Issuer Accounts. Although the Notes are full recourse obligations, on enforcement of security the ability of the Issuer to meet its obligations to pay the principal of and interest on the Notes will be entirely dependent upon the receipt by it of funds in relation to these assets.

The Issuer's receipt of sufficient funds derived from its beneficial interest under the Asset Transfer Deed to meet its obligations to pay the amounts referred to above and to repay the principal amount of the Notes will be dependent upon, among other things (i) the Originator complying with its obligations under the Asset Transfer Deed, (ii) payments actually being made by Borrowers of (or guarantors (if any) under) the Securitised Portfolio (from which Borrowers and, if any, guarantors, no security has necessarily been taken in the support of those payments and, if security has been taken, no assurance can be given that the security will form part of the Issuer's Portfolio Interest or that the Asset Transfer Power of Attorney will be effective in relation to the security), (iii) those payments being collected by the Originator in accordance with the terms of the Asset Transfer Deed and deposited in the Originator Collection Accounts, and (iv) those payments being allocated to the Issuer's Portfolio Interest and deposited in the relevant Issuer Account.

The Issuer will be required to apply all amounts paid to it (other than amounts to be applied to meet fees, costs and expenses of the Issuer and the Trustee, amounts representing the earnings for the Issuer and any amounts paid to the Issuer as collateral pursuant to any of the Swap Agreements (or by way of incoming swap premia or amounts representing the cash benefit of tax credits as referred to in the Swap Agreements)) in making payments of principal and interest to the Noteholders in accordance with the Conditions.

Beneficial Interest in Securitised Portfolio; Asset Transfer Power of Attorney; Limitations on Enforcing Loans Against Borrowers

The Issuer will have a beneficial interest in the Securitised Portfolio pursuant to the Asset Transfer Deed (to the extent of the Issuer's Portfolio Interest). However, the Securitised Portfolio will not be assigned legally or equitably to the Issuer and legal title to the Securitised Portfolio will remain with HSBC, in its capacity as lender of record (unless and until HSBC disposes of its legal interest in a Securitised Advance (subject to the requirements of the Asset Transfer Deed), in which case the beneficial interest in the relevant Securitised Portfolio would cease to be subject to the Asset Transfer Deed).

In its capacity as trustee under the Asset Transfer Deed, HSBC will hold the beneficial interest in the Securitised Portfolio on trust for the benefit of the Issuer (to the extent of the Issuer's Portfolio Interest). However, neither the Issuer nor the Trustee will have a direct contractual relationship with any Borrower under any Portfolio Designated Facility and neither the Issuer nor the Trustee will have the right to assert contractual claims or effect contractual remedies directly against the Borrowers. The Asset Transfer Deed and the beneficial entitlement of the Issuer to the Issuer's Portfolio Interest does not constitute a purchase

or other acquisition or assignment of any legal interest in any Advance or Portfolio Designated Facility. The Issuer and the Trustee will have rights solely against HSBC with respect to the Asset Transfer Deed and the Cash Management Agreement and will not have the right to assert contractual claims or effect contractual remedies against any Borrowers. HSBC will not grant the Issuer, the Trustee or any other entity any security interest in any Securitised Advance or Portfolio Designated Facility. In the event of a default by a Borrower under a Securitised Advance, the Issuer and the Trustee will have rights solely against HSBC under the Asset Transfer Deed and the Cash Management Agreement and will have no contractual rights against such Borrower. Only HSBC will be entitled to take any remedial actions under the Portfolio Designated Facilities or the terms of any Securitised Advance or to exercise any votes permitted to be taken or given thereunder. The Asset Transfer Power of Attorney will allow the Issuer to act in the name of HSBC (as lender of record) to take actions to enforce the Portfolio Designated Facilities against the relevant Borrower and to collect the proceeds of Securitised Advances upon the occurrence of a Power of Attorney Event. See “*Asset Transfer Deed – Asset Transfer Power of Attorney*”.

The Issuer has received legal advice (subject to certain reservations) to the effect that the Issuer may exercise its powers under the Asset Transfer Power of Attorney following the occurrence of a Power of Attorney Event without the leave of the court under English insolvency laws. There can be no assurance, however, that a court would reach the same conclusion or that leave, if required, would be granted.

Certain Set-off Considerations

In the event of the insolvency of HSBC, a Borrower which also has a deposit with HSBC or to which HSBC owes other obligations may attempt to satisfy its payment obligation in respect of a Securitised Advance by setting off its deposit or other obligations against such payment obligation. The Eligibility Criteria in relation to Advances for inclusion in the Asset Transfer Deed provide that the relevant Loan Facility must contain a provision pursuant to which the relevant Borrower expressly agrees to make payments in respect of the relevant Advance without set-off.

However, it is possible that certain mandatory set-off provisions under applicable insolvency laws would continue to be available to a Borrower on a liquidation of HSBC if, contrary to the way in which the Asset Transfer Deed has been structured, the Asset Transfer Deed were held to be in breach of a transfer restriction in the underlying Portfolio Designated Facility. Therefore, if (1) (outside of an insolvency) a Loan Facility contains an agreement or undertaking to pay without set-off, but such provision were determined to be unenforceable, or (2) a court determined that such mandatory set-off provisions were available so as to enable a Borrower to set off amounts owing by HSBC against its payment obligations, then in either case a Borrower which also has a deposit with HSBC or to which HSBC owes other obligations might be able to set off such deposit against its obligations in respect of a Securitised Advance, in which case Collections in respect of such Advance could be diminished and consequently Noteholders could suffer a loss.

Restrictions on Transfer in Portfolio Designated Facilities and No Removal of HSBC as trustee under Asset Transfer Deed

Certain of the Portfolio Designated Facilities contain restrictions on transfer that may limit or restrict the transfer or assignment of the Portfolio Designated Facility or related Securitised Advance. The Asset Transfer Deed has been structured with the intention that such limitations or restrictions are not contravened by the declaration of the Asset Transfer Deed. Such limitations or restrictions on transfer and the provisions of the Asset Transfer Deed will not permit the appointment of a substitute trustee under the Asset Transfer Deed, even in the event of a default by HSBC of its obligations as Originator thereunder. Accordingly, HSBC is the only entity capable of contractually enforcing the Securitised Advances comprising the Securitised Portfolio. However, under the Asset Transfer Power of Attorney, the Issuer may enforce, in certain limited circumstances and in the name of HSBC, the rights of HSBC to, among other things, collect the Securitised Advances. Nevertheless, a decline in rating of HSBC could adversely affect the rating of the Notes.

Restrictions on Sub-Participation in Portfolio Designated Facilities

Certain of the Portfolio Designated Facilities contain restrictions on sub-participation by HSBC. There is no precise legal meaning to the term “**sub-participation**” in the United Kingdom, but commercially this term is usually regarded as referring to a contractual back-to-back non-recourse funding arrangement between the lending bank and the participant, which (unlike the Asset Transfer Deed) gives the latter no

beneficial interest under, or in relation to, the loan which is the subject matter of the sub-participation. Such a contractual back-to-back non-recourse arrangement would generally not be subject to the same legal analysis as the Asset Transfer Deed, but in the absence of clear and settled legal meaning as to what the term “**sub-participation**” means, no assurance can be given that a court would not hold that a restriction on sub-participation contained in a loan agreement was not intended also to restrict an arrangement such as the Asset Transfer Deed. The Issuer, on the basis of legal advice received, considers the risk of a court reaching such a conclusion to be remote. In the event that a prohibition on sub-participation in respect of an underlying Portfolio Designated Facility to which one or more Securitised Advances relates was breached by the Asset Transfer Deed, among other things, issues would arise relating to set-off on an insolvency of HSBC (as referred to in “– *Certain Set-off Considerations*” above) and a claim by the Issuer would arise in respect of breach of representation for non-fulfilment of the eligibility criteria for that Portfolio Designated Facility. There are no limits on the number of Portfolio Designated Facilities containing sub-participation restrictions that may form part of the Portfolio Memorandum. If the number of Portfolio Designated Facilities determined not to comply with the eligibility criteria were to be material and if insufficient new Substitute Advances were to be designated for inclusion in the Portfolio Memorandum, this could give rise to an early amortisation of the Notes with a possible inability of the Issuer to repay the notes on a timely basis or, indeed, in full. See “*Payments and Maturity, Concentrations in Portfolio and Commercial Lending Competition*”.

Basis and Currency Risk

The Securitised Advances are expected to provide for payment of interest at variable and fixed rates, established by reference to rates for periods ranging from five days to six months. The Securitised Advances will be denominated in any of US dollars, sterling and euro, and the total principal of the Securitised Assets denominated in any one currency as a proportion of the total principal of all of the Securitised Advances is expected to fluctuate from time to time. On the other hand, the fixing of the rate of interest under the Notes is by reference to Sterling LIBOR, EURIBOR or US dollar LIBOR, as applicable, and such interest rates will be reset quarterly. The Notes are denominated in sterling, euro or US dollars, as applicable, and the total principal of all Notes denominated in any one currency as a proportion of the total principal of all of the Notes will not fluctuate in the same way. There is accordingly a mismatch between the receipts generated by the Securitised Portfolio and the payments of interest and principal by the Issuer on the Notes with regard to both the timing of resetting the Securitised Portfolio interest rates and the Note reference rates, as well as the currency of the Securitised Portfolio and the Notes. Accordingly, there is a risk that, depending on the then prevailing market interest rates and currency exchange rates, the Issuer will not be able to obtain sufficient funds, in appropriate currencies to meet its payment obligations. This mismatch is mitigated by the Swap Agreements to be entered into between the Issuer and the Swap Counterparty. See “*Transaction Cashflows – Swap Agreements*” and “– *Reliance on Swap Counterparty and Swap Agreement*” below.

Reliance on Swap Counterparty and Swap Agreements

The Swap Counterparty is currently assigned a AA– rating by Standard & Poor’s and a Aa2 rating by Moody’s on its long-term unsecured, unsubordinated and unguaranteed senior debt. There is no obligation on the part of the Issuer, the Trustee, the Swap Counterparty or any other person to maintain any rating for the Swap Counterparty. In the event of downgrade of the Swap Counterparty which would adversely affect the rating of the Notes, the Swap Counterparty is required under the Swap Agreements to take certain steps designed to maintain the rating of the Notes. See “*Transaction Cashflows – Swap Agreements*”.

In the event that any Swap Agreement were to be terminated or not to be fully performed for any reason, including by reason of a default of the Swap Counterparty, the Issuer may be required to make a Termination Payment to the Swap Counterparty. Where termination is by reason of Swap Counterparty Default, the Termination Payment is subordinated to payments to the Noteholders. Where termination is for any other reason, any such Termination Payment in relation to any Asset Swap Agreement, the A2 Funding Swap Agreement or the A3 Funding Swap Agreement will rank *pari passu* with payments to the A Noteholders; any such Termination Payment in relation to the B2 Funding Swap Agreement or the B3 Funding Swap Agreement will rank *pari passu* with payments to the B Noteholders; any such Termination Payment in relation to the C2 Funding Swap Agreement will rank *pari passu* with payments to the C Noteholders; any such Termination Payment in relation to the D2 Funding Swap Agreement will rank *pari passu* with payments to the D Noteholders; and any such Termination Payment in relation to the E2

Funding Swap Agreement or the E3 Funding Swap Agreement will rank *pari passu* with payments to the E Noteholders. As a consequence of termination, depending on the then prevailing market interest rates and currency exchange rates, the Issuer may have insufficient funds to make payments in full on the Notes and the Noteholders could accordingly suffer a loss. See “*Transaction Structure – Swap Agreements*”.

Reliance on Liquidity Facility Provider, Priority of Repayments to Liquidity Facility Provider, Limited use of Reserve Account amounts

The Liquidity Facility Provider is currently assigned a AA Standard & Poor’s rating and a Aa2 Moody’s rating on its long-term unsecured, unsubordinated and unguaranteed senior debt. There is no obligation on the part of the Issuer, the Trustee, the Liquidity Facility Provider or any other person to maintain any rating for the Liquidity Facility Provider. In the event of downgrade of the Liquidity Facility Provider below the Required Rating (as defined below), unless a guarantee or other satisfactory arrangement meeting the approval of the Issuer and the Trustee has been put into place the Issuer may draw in full the total amount then available under all of the Liquidity Facilities.

Pursuant to the Priorities of Payments, repayment of drawings under any Liquidity Facility may be repaid in priority to payments to Noteholders, thereby reducing the amounts otherwise available to Noteholders. See “*Transaction Cashflows – Asset Funding Priorities of Payments*”, “*Transaction Cashflows – Available Principal Funds Priority of Payments*”, “*Transaction Cashflows – Available Income Funds Priority of Payments*” and “*Terms and Conditions of the Notes – Condition 3(h) (Post Enforcement Priority of Payments)*”.

In certain specified circumstances the Issuer may use funds standing to the credit of the Reserve Account to the extent credited to the Reserve Ledger or the Liquidity Reserve Ledger. Use of funds standing to the credit of the Liquidity Reserve Ledger is restricted to certain specified items. See “*Transaction Cashflows – Available Income Funds Priority of Payments*”.

In the event that any of the Liquidity Facility Agreements were to be terminated or not to be fully performed for any reason, including by reason of a default of the Liquidity Facility Provider, or amounts thereunder were unavailable in accordance with the terms thereof the Issuer may, as a consequence, have insufficient funds to make required payments under the Swap Agreements (which would result in a default under the relevant Swap Agreement and a termination thereof) and/or insufficient funds to make payments in full on the Notes and the Noteholders could accordingly suffer a loss. See “*Transaction Cashflows – Liquidity Drawings*” and “*Reliance on Swap Counterparty and Swap Agreements*”.

Recent Amendments to the United Kingdom Insolvency Regime Could Delay Payments to Noteholders in an Insolvency Proceeding

Significant changes to the United Kingdom insolvency regime have been recently enacted, although not all of these provisions have yet been brought into effect. In particular, the Insolvency Act 2000 will, when the relevant provisions are brought into force, allow certain “small companies”, which are defined by reference to certain financial and other tests, as part of the company voluntary arrangement procedure, to obtain a moratorium protection – statutory freeze – from their creditors for a period of 28 days with the option for the creditors to extend the moratorium for a further two months. If protection for a moratorium period is granted in relation to a company, no insolvency procedures may be commenced in relation to that company, any security created by that company over its property cannot be enforced, and no legal process can be taken in relation to that company during such period except with consent of the court. However, a company may continue to make payments in respect of its debts if there are reasonable grounds for believing such payments will benefit that company and the payment is approved by either the moratorium committee of the creditors of that company or by a nominee of that company appointed under the provisions of the Insolvency Act 2000.

The Issuer is unlikely to be regarded a small company within the meaning of the Insolvency Act 2000 as currently enacted. The Secretary of State for Trade and Industry may by regulation in the future modify the eligibility requirements for the applicability of the Insolvency Act 2000, including the modification of the definition of small company so that the Issuer would come within the ambit of these provisions of the Insolvency Act 2000. The Secretary of State has also proposed draft regulations excluding the applicability of these provisions to companies entering into certain types of financial arrangements. These draft regulations are not yet settled and may or may not be enacted.

Although such a moratorium could delay enforcement proceedings against the Issuer or any Borrower, this would be for a maximum period of three months. In addition, even if a protection period were granted

in relation to the Issuer or any Borrower, it could obtain approval to continue to make payments in accordance with the documents to which it is a party. See further “–*Insolvency Act 2000*” below.

Nonetheless, no assurance can be given that the implementation of these provisions, and the possible imposition of such a moratorium, will not be detrimental to the interests of the Noteholders.

Prohibition on appointment of administrative receiver

By an order made by the Under-Secretary of State for Small Business and Enterprise made on 8 August 2003, the provisions of the Enterprise Act 2002 (the “**Enterprise Act**”) amending certain corporate insolvency provisions of the Insolvency Act 1986 came into force on 15 September 2003. As a result of the amendments made by the Enterprise Act, unless a floating charge was created prior to 15 September 2003, or falls within one of the exceptions contained in the Enterprise Act, the holder of a qualifying floating charge will be prohibited from appointing an administrative receiver to a company and, consequently, will not have the ability to prevent the appointment of an administrator to such company.

The floating charge to be granted by the Issuer pursuant to the terms of the Deed of Charge is a qualifying floating charge for the purposes of the Enterprise Act and will be entered into on or about the Closing Date and as such, unless excepted, the Trustee will be prevented from appointing an administrative receiver in respect of the Issuer. However, this qualifying floating charge will fall within the “capital market arrangement” exception to the prohibition on appointment of an administrative receiver and accordingly the Trustee will still be able to appoint an administrative receiver pursuant to the Deed of Charge.

In those cases where the Originator has not taken a floating charge over all or substantially all of the assets of a Borrower prior to 15 September 2003 or which falls within one of the exemptions under the Enterprise Act, upon presentation of a petition for the appointment of an administrator in respect of a corporate Borrower, the Originator will not have the right to appoint an administrative receiver so as to prevent the court making an administration order in respect of the Borrower. As a consequence, because of the statutory moratorium on security enforcement which arises in an administration, the Originator will not be entitled to enforce any fixed security in respect of the relevant Securitised Advance or take legal proceedings against that Borrower without the consent of the administrator or the leave of the court. However, the administrator will be required to apply the proceeds of the disposal of the property secured by any such fixed security towards discharging the sums owed under the relevant Securitised Advance (to the extent related thereto). The administrator requires the consent of the chargeholder or the leave of the court to dispose of property which is subject to fixed security. However, if the administrator chooses not to apply for such leave (or to seek the consent of the chargeholder), although the administrator will not be entitled to dispose of the fixed charge property, the chargeholder will still need the consent of the administrator or the leave of the court in order to enforce its security. This may result in a delay in the payment of amounts owing under the relevant Securitised Advance to the Issuer and, subject to the availability of the Liquidity Facilities or amounts standing to the credit of the Reserve Account, could result in a failure by the Issuer to pay amounts due under the Notes in a timely fashion. See further “– *Insolvency Act 2000*” below in respect of delays in enforcement of security granted by Borrowers which are “small companies”.

Share of floating charge assets for unsecured creditors

The Enterprise Act 2002 also inserted a new s176A into the Insolvency Act 1986, which provides that where a company has gone into liquidation or administration, or where there is a provisional liquidator or receiver, a “prescribed part” of the company’s net property is to be applied in satisfaction of debts due to unsecured creditors in priority over debts secured only by a floating charge. A company’s “net” property for this purpose is the portion of a company’s property which would otherwise be available to satisfy the claims of creditors secured only by a floating charge. As at the date of this prospectus, the “prescribed part” has been set at 50% of the first £10,000 of a company’s net property and 20% thereafter up to a maximum of £600,000. The liquidator, administrator or receiver may disapply this rule in certain circumstances.

While certain of the covenants given by the Issuer under the Transaction Documents are intended to ensure that the Issuer has no creditors other than the secured creditors under the Deed of Charge, it will be a matter of fact as to whether the Issuer has any other creditors at any time. To the extent that any of the Issuer’s assets are subject to fixed charges pursuant to the Deed of Charge, such assets will be outside the Issuer’s “net property”. However, to the extent that the Issuer’s assets are subject only to a floating

charge, the provisions of section 176A of the Insolvency Act would result in the prescribed part of the assets which would otherwise be available to satisfy the claims of the secured creditors under the Deed of Charge being used to satisfy the claims of unsecured creditors.

Insolvency Act 2000

The Insolvency Act 2000 has amended the Insolvency Act 1986 with effect from 1 January 2003 so as to allow certain “small companies”, as part of the company voluntary arrangement procedure, to seek court protection from their creditors by way of a moratorium for a period of up to 28 days, with the option for creditors to extend this protection for up to a further two months (although the Secretary of State for Trade and Industry may, by order, extend or reduce the duration of either period).

A “**small company**” is defined for these purposes by reference to whether the company meets certain tests contained in Section 247(3) of the Companies Act 1985, relating to a company’s balance sheet total, turnover and average number of employees in a particular period. The position as to whether or not a company is a “small company” may change from period to period, depending on its financial position and average number of employees during that particular period. The Secretary of State for Trade and Industry may by regulations also modify the qualifications for eligibility of a company for a moratorium and may also modify the present definition of a “small company”. Accordingly, the Issuer may, at any given time, come within the ambit of the “small companies” provisions, such that the Issuer may (subject to the exemptions referred to below) be eligible to seek a moratorium in advance of a company voluntary arrangement.

During the period for which a moratorium is in force in relation to a company, amongst other things, no winding up may be commenced or administrator appointed to that company, no administrative receiver of that company may be appointed, no security created by that company over its property may be enforced (except with the leave of the Court) and no other proceedings or legal process may be commenced or continued in relation to that company (except with the leave of the Court). In addition, if the holder of security (the “**chargee**”) created by that company consents or if the Court gives leave, the company may dispose of the secured property as if it were not subject to the security. Where the property in question is subject to a floating charge, the chargee will have the same priority in respect of any property of the company directly or indirectly representing the property disposed of as he would have had in respect of the property subject to the floating charge. Where the security in question is that other than a floating charge, it shall be a condition of the chargee’s consent or the leave of the Court that the net proceeds of the disposal shall be applied towards discharging the sums secured by the security. Further, during the period for which a moratorium is in force in respect of a company it may not make any payments with respect to debts or liabilities existing prior to the date of filing for a moratorium unless (i) there are reasonable grounds for believing the payment will benefit the company, and (ii) the payment is approved by a committee of creditors of the company if established or, if not, by the nominee of the proposed company voluntary arrangement.

Certain companies which qualify as small companies for the purposes of these provisions may be, nonetheless, excluded from being so eligible for a moratorium under the provisions of the Insolvency Act 1986 (Amendment No. 3) Regulations 2002, which were made on 25 July 2002 and came into force on 1 January 2003. Companies excluded from eligibility for a moratorium include those which are party to a capital market arrangement, under which a debt of at least £10 million is incurred and which involves the issue of a capital market investment. The definitions of “capital market arrangement” and “capital market investment” are broad and are such that, in general terms, any company which is a party to an arrangement which involves at least £10 million of debt, the granting of security to a trustee, and the issue of a rated, listed or traded debt instrument, is excluded from being eligible for a moratorium. The issuance of the Notes would be considered a “capital market arrangement” under the present regime. However, the Secretary of State may modify the criteria by reference to which a company otherwise eligible for a moratorium is excluded from being so eligible.

Accordingly, the provisions described above will serve to limit the Trustee’s ability to enforce the Security granted by the Issuer to the extent that, first, the Issuer falls within the criteria for eligibility for a moratorium at the time a moratorium is sought; secondly, if the directors of the Issuer seek a moratorium in advance of a company voluntary arrangement; and, thirdly, if the Issuer is considered not to fall within the capital market exception (as expressed or modified at the relevant time) or any other applicable exception at the relevant time; in those circumstances, the enforcement of any security by the Trustee will be for a period prohibited by the imposition of the moratorium. In addition, the other effects resulting from the imposition of a moratorium described above may impact the transaction in a manner detrimental to the Noteholders.

In the event that a Borrower is a “small company”, the effect of the provisions described above will be to delay the enforcement of the relevant Securitised Advance. This delay may have an adverse effect on the timing and amount of Collections paid to the Issuer in respect of the relevant Securitised Advance.

Portfolio Considerations

Limited Provision of Information by HSBC

Certain of the Portfolio Designated Facilities contain confidentiality provisions and as a result HSBC will not provide the Issuer, the Trustee or any other third party with information relating to the identification of any Securitised Advance or other information that would lead to the identification of a Portfolio Designated Facility or copies of financial and other information sent to it pursuant to any Portfolio Designated Facility or notify the Issuer, the Trustee or any other person of the contents of any notice received by it pursuant to any Portfolio Designated Facility.

HSBC will provide to the Issuer the loan documents and other original records relating to a Portfolio Designated Facility in respect of a Securitised Advance only following a Power of Attorney Event in accordance with the provisions of the Asset Transfer Deed and where the Issuer requests such information and advises HSBC that the Asset Transfer Power of Attorney may be utilised in relation to Securitised Portfolio related to such Portfolio Designated Facility. In addition, HSBC will not have any obligation to keep the Issuer, the Trustee or any other person informed as to matters arising in relation to the Asset Transfer Deed except with respect to certain limited information in respect of a Defaulted Advance which is part of the Securitised Portfolio. None of the Issuer, its agents or the Trustee shall have any right to inspect any records relating to the Asset Transfer Deed held by HSBC or its agents, and HSBC shall be under no obligation to disclose any further information or evidence regarding the existence or terms of any Portfolio Designated Facility or Securitised Advance or any matters arising in relation thereto or otherwise regarding a Portfolio Designated Facility or Securitised Advance, guarantor or other person in relation thereto unless specifically referred to in the operative documents relating to the transactions described herein. Accordingly, the Issuer and the Trustee will be limited in respect of information received in respect of the Securitised Portfolio.

No Independent Investigation

None of the Managers, the Trustee, the Share Trustee, the Swap Counterparty, the Liquidity Facility Provider, the Cash Manager, the Corporate Services Provider or the Issuer has undertaken or will undertake any investigations, searches or other actions to verify the details of the Securitised Portfolio or any Advances or to establish the creditworthiness of any Borrower other than, in the case of the Issuer, steps to verify certain details of the provisions of the Asset Transfer Deed and constitution of the Asset Transfer Deed. Each of the Managers, the Trustee, the Share Trustee, the Swap Counterparty, the Liquidity Facility Provider, the Co-Manager, the Cash Manager, the Corporate Services Provider and the Issuer relies solely on representations given by the Originator to the Issuer in relation to the Securitised Portfolio, Collections, whether Advances constitute Securitised Advances and whether Loan Facilities constitute Portfolio Designated Facilities. Such representations are and will be given by the Originator only at the time a particular Advance becomes subject to the Asset Transfer Deed.

If any representation made by the Originator in respect of any Securitised Advance proves to have been incorrect when made, the Originator will re-acquire a beneficial interest in that Securitised Advance by payment to the Issuer of the Re-acquisition Proceeds, being an amount equal to 99% of the outstanding principal amount of the relevant Advance and that Advance will thereafter cease to be part of the Securitised Portfolio and shall be an Advance to which HSBC is solely entitled. Any payment of Re-acquisition Proceeds shall be entirely allocated to the Issuer's Portfolio Interest and shall be treated by the Issuer as a Principal Collection in relation to the relevant Advance. See “*Asset Transfer Deed – Remedy for Breach of Representation*”.

Reliance on Origination and Administration of Securitised Portfolio by HSBC and Ability to Change Terms of a Portfolio Designated Facility or Dispose of a Portfolio Designated Facility

The Issuer does not have any legal interest (though it will have a beneficial interest) in the Securitised Portfolio and the Originator will not be and will not be deemed to be acting as the agent of the Issuer in connection with the exercise of, or the failure to exercise, any of the rights or powers of HSBC arising under or in connection with its holding of any such Portfolio Designated Facilities (although HSBC will be trustee under the Asset Transfer Deed). The Originator originates the Securitised Portfolio and its lending criteria and their application are subject to modification. See “*HSBC's Credit Policies and Procedures*.”

The Issuer (having a beneficial interest only in the Securitised Portfolio) will be dependent upon the Originator and its servicing activities and the performance of its obligations under the Asset Transfer Deed in order to receive amounts due from Borrowers under the Securitised Advances. Any Collections in relation to the Securitised Portfolio are held by the Originator in accordance with the Asset Transfer Deed. However, while such amounts are held in the Originator Collection Accounts at HSBC, such amounts are not held subject to any security interest and the Issuer will accordingly have an unsecured claim against the Originator in respect of Collections then on deposit in the Originator Collection Accounts.

HSBC may, as lender of record for each Portfolio Designated Facility to which a Securitised Advance relates, act with respect to such transactions in the same manner as if HSBC were acting in its own commercial interests in relation to each such Portfolio Designated Facility and without regard to whether any such action might have an adverse effect on a Securitised Advance, the Issuer or the Noteholders or any other person. In particular, HSBC may, subject to transfer or other restrictions in the relevant Portfolio Designated Facilities, arrange for the sale or sub-participation of any Securitised Advance (or the entry into credit support, insurance or derivative instruments referencing a borrower in respect of a Securitised Advance) which in its reasonable judgment has declined, or has a significant risk of declining, in credit quality or which HSBC would otherwise sell or sub-participate or, with respect to which, HSBC would have otherwise purchased such credit support or insurance if HSBC held the benefit of such Advance entirely for its own account. Moreover, the Asset Transfer Deed provides that HSBC in its capacity as beneficiary of the Transferor's Portfolio Interest may (although it is not obliged to do so), with the consent of the Issuer, elect to acquire a beneficial interest in the Securitised Portfolio equal to the amount of performing Advances then comprising the Securitised Portfolio by payment to the Issuer, at the time the principal amount of the Issuer's Portfolio Interest is equal to or less than 10% of the principal amount of the Securitised Portfolio as calculated on the Closing Date.

On or prior to any onward sale or sub-participation of the relevant Securitised Advance, the beneficial interest in the relevant Securitised Advance would, following payment to the Issuer of the required amount or proceeds in respect thereof in accordance with the Asset Transfer Deed, cease to be treated as comprising part of the Securitised Portfolio and HSBC will then immediately on-sell or sub-participate such Advance or part thereof, as applicable, to the relevant third party. The required amount referred to above is the amount equal to 99% of the amount of proceeds to be received from the relevant third party in relation to the onward sale or sub-participation. Such amount or proceeds would be a *pro rata* proportion of the total proceeds in relation to the onward sale or sub-participation of the relevant Portfolio Designated Facility (calculated by reference to the amount which the Advance comprising part of the Securitised Portfolio bears to all Advances outstanding under the relevant Portfolio Designated Facility and provided such sale or sub-participation relates to all such outstanding Advances). The reacquisition of a beneficial interest by HSBC in the relevant Securitised Advance or onward sale to a third party in respect thereof, as applicable, will be permitted only in circumstances where there has been a breach of representation such that the Asset Transfer Deed requires the Originator to re-acquire a beneficial interest in such Advance or in the circumstances described above where such Advance is to be sold or sub-participated to a third party immediately following removal of a beneficial interest therein from the Asset Transfer Deed. Such amount or proceeds will be Re-acquisition Proceeds and will be utilised as a Principal Collection in relation to the relevant Advance and shall be paid to the relevant Issuer Account. The difference, if any, between the principal amount of the relevant Securitised Advance and the aggregate amount received by the Issuer in respect thereof (treated for such purposes as Re-acquisition Proceeds) will be treated as a Default Amount.

Syndicated Loan Facilities

Much of the Securitised Portfolio will arise under Portfolio Designated Facilities having multiple lenders in which the exercise of remedies and the taking of other actions against Borrowers (including the granting of amendments and waivers) may be subject to the vote of a certain percentage of the lenders thereunder (measured by the amount of outstanding Advances or commitments).

In respect of certain of the Portfolio Designated Facilities to which the Securitised Portfolio relates, HSBC may not have a sufficient interest to direct compliance by the Borrower with the terms of that Portfolio Designated Facility or to object to certain changes to the applicable Portfolio Designated Facility that may be agreed to by the other lenders. In addition, a number of the Portfolio Designated Facilities identified for the transaction may be syndicated loans; in relation to syndicated loans, a bank other than HSBC may act as agent for the lenders. In such cases, HSBC is dependent upon the actions

taken by the agent for the lenders as well as other lenders in enforcing the relevant Portfolio Designated Facility against the relevant Borrowers. Under syndicated loans in which a bank other than HSBC acts as agent for the lenders, HSBC in most circumstances will not have the ability to take enforcement actions directly against the Borrower under the Portfolio Designated Facility without the involvement of the agent and, in certain circumstances all other lenders under that syndicated loan, and accordingly the ability of the Issuer to take enforcement actions directly against such Borrower will be similarly limited in the event that it takes action under the Asset Transfer Power of Attorney.

Collectability of Securitised Advances

The collectability of the Securitised Portfolio is subject to credit risks and will generally fluctuate in response to, among other things, general economic conditions, the financial conditions of Borrowers and related factors. Moreover, certain of the Securitised Advances may be secured; however, there can be no assurance that such security will continue to be in force or be validly constituted at the time payment from a Borrower is sought to be enforced. Securitised Advances included in the Portfolio Memorandum which comply with required eligibility criteria on the Closing Date (or at the time they become included in the Portfolio Memorandum), but which subsequently cease to comply with the Eligibility Criteria, will not be removed from the Portfolio Memorandum and will not cease to form part of the Securitised Portfolio. To the extent that a loss is suffered in relation to any Securitised Advance, there may be insufficient funds available to the Issuer to enable the Issuer to meet its payment obligations to Noteholders. See “*HSBC and HSBC’s Credit Policies and Procedures*”.

Continued Relationship of HSBC with Borrowers under Securitised Advances and Conflicts of Interest

HSBC and its affiliates may accept deposits from, make loans or otherwise extend credit to, and generally engage in any kind of commercial or investment banking or other business transactions with, any existing or future Borrower under a Securitised Advance. HSBC and its affiliates may have entered into and may from time to time enter into business transactions with Borrowers under Securitised Advances and may or may not hold other obligations of or have business relationships with any existing Borrower under a Securitised Advance. Such obligations or relationships may or may not comprise Portfolio Designated Facilities relating to the Asset Transfer Deed.

Various potential and actual conflicts of interest may arise from the activities of HSBC, its parent company, and/or their affiliates in connection with the transactions contemplated by this prospectus. Among other things, HSBC, its parent company and/or their affiliates may have other loans or relationships with Borrowers as outlined above. These loans and relationships may give rise to interests that are different from or adverse to the interests of the Noteholders. There are no restrictions in the relevant agreements on such loans or relationships and HSBC shall not be obliged to have regard for the interests of the Noteholders in its business transactions with Borrowers.

Payments and Maturity, Concentrations in Portfolio and Commercial Lending Competition

The expected life of the Notes will in part be dependent upon the Originator’s continued ability to generate Substitute Advances, which may in part depend upon the Originator’s continued ability to compete in the highly competitive United Kingdom commercial lending business. If Borrowers choose to utilise competing sources of credit to prepay outstanding Securitised Advances, the rate at which such Securitised Advances are repaid or commitments under related Portfolio Designated Facilities are cancelled may increase. In addition, although the Originator is required to fulfil the Portfolio Criteria (as defined herein) in relation to Substitute Advances at the time they become subject to the Asset Transfer Deed, if the Originator is unable to designate additional Substitute Advances pursuant to the Asset Transfer Deed, this could have an adverse effect on industry and Borrower concentrations in the Securitised Portfolio. Moreover, if the rate at which Substitute Advances are generated declines significantly or if the Originator does not designate Substitute Advances to become subject to the Asset Transfer Deed, the Issuer may be required to amortise the Notes, which may reduce the weighted average life of the Notes. See “*Maturity Assumptions*”.

Borrowers in foreign jurisdictions

A number of Borrowers are incorporated in foreign jurisdictions, namely, Scotland, Northern Ireland, Bermuda, British Virgin Islands, Jersey and The Netherlands and may therefore be subject to differing insolvency regimes. Enforcement of security against Borrowers may be restricted by local insolvency law, including, for example, any statutory moratorium periods during which enforcement of security interests is prevented.

With respect to these Borrowers, there is a risk that (a) third party creditors may commence insolvency proceedings against it in its jurisdiction of incorporation; and (b) an English court might decline jurisdiction if the relevant facility agent were to seek to commence insolvency proceedings in England and Wales.

In relation to paragraph (b) above, if the “centre of main interests” of a Borrower for the purpose of Council Regulation (EC) No. 1346/2000 (the “**EU Insolvency Regulation**”) is outside of an EU member state, the rules set out in the EU Insolvency Regulation will not apply to the Borrower (as the EU Insolvency Regulation only applies where the centre of main interests of the company is in an EU member state). The location of the centre of main interests of the company will be a question of fact in each case, but depends on where the company administers its interests on a permanent basis in a manner ascertainable by third parties rather than merely on the location of assets. If the EU Insolvency Regulation does not apply, the English court would apply its common law rules (outside the scope of such European legislation) for dealing with such cross-border issues. The presence of assets in the jurisdiction is usually considered sufficient for an English court to exercise its discretion in relation to accepting jurisdiction to commence insolvency proceedings but this would depend on the facts at the time (including whether insolvency proceedings in the jurisdiction of incorporation had been commenced). If the English court were to commence insolvency proceedings, the court is likely to consider its own proceedings as ancillary to any proceedings that have been commenced in the jurisdiction of incorporation.

Borrowers in foreign jurisdictions and withholding tax payable under Loan Facilities

The Issuer’s ability to meet its payment obligations on the Notes will depend upon, among other things, payments actually being made by Borrowers and those payments being collected by the Originator in accordance with the terms of the Asset Transfer Deed. Some of the Borrowers are not located in the United Kingdom and there is a risk that withholding tax in respect of such non-United Kingdom borrower payments might apply. The Issuer, on the basis of legal advice received, considers the risk of withholding tax applying on payments by non-United Kingdom Borrowers to be remote; however, there can be no assurance that a change in tax law might not result in such a withholding tax applying, which could affect the amount of payments received from such non-United Kingdom Borrowers and therefore the Issuer’s ability to meet its payment obligations on the Notes.

Considerations in relation to the Notes

Absence of Secondary Market; Limited Liquidity of the Notes

The Notes constitute a new issue of securities. Application has been made to the UKLA for the Notes to be admitted to the Official List of the Financial Services Authority (in its capacity as competent authority under the FSMA) and to trading on the Gilt Edged and Fixed Interest market of the London Stock Exchange. There is currently no secondary market for the Notes. There can be no assurance that a secondary market for the Notes will develop or that a market will develop for all Classes or, if it does develop, that it will continue.

No Gross-up on the Notes in the Event of Withholding Tax

In the event that any withholding or deduction for any taxes, levies, duties, imposts, assessments or charges of whatsoever nature is imposed, levied, collected, withheld or assessed on payment of principal or interest in respect of the Notes by the United Kingdom or any political subdivision thereof or any supra-national entity to which the United Kingdom belongs or any authority in or of such jurisdiction, or by any other jurisdiction or authority, neither the Issuer nor any Paying Agent will be required to make any additional payments to holders of the Notes, in respect of such withholding or deduction.

Change of Tax Law

The statements in relation to United Kingdom taxation set out in this prospectus, including under the section entitled “*United Kingdom Taxation*”, are based upon current law and the practice of H.M. Revenue & Customs and other relevant authorities in force or applied in England and Wales at the date of this prospectus. If there were changes in such law or practice, there might be a material adverse effect on the financial position of the Issuer or the Originator.

EU Savings Directive

Under EC Council Directive 2003/48/EC on the taxation of savings income, each Member State is required, from 1 July 2005, to provide to the tax authorities of another Member State details of payments

of interest (or other similar income) paid by a person within its jurisdiction to, or secured by such person for, an individual resident in that other Member State. However, for a transitional period, Austria, Belgium and Luxembourg are instead required (unless during that period they elect otherwise) to apply a withholding system in relation to such payments, deducting tax at rates rising over time to 35 per cent. The transitional period is to terminate at the end of the first full fiscal year following agreement relating to information exchange with certain non-EU countries.

Also with effect from 1 July 2005, a number of non-EU countries, and certain dependent or associated territories of certain Member States have agreed to adopt similar measures. In addition, Member States have entered into reciprocal arrangements with certain dependent or associated territories.

Subordination and Deferral

The Notes are divided into classes and payments of interest and principal on the Notes will be made in accordance with the priorities designated for each Class of Notes under the terms of the Trust Deed and the Deed of Charge (which will include payments in relation to each of the Swap Agreements). Payments of interest on the B Notes will be subordinated in priority of payment to the payments of interest on the A Notes. Payments of interest on the C Notes will be subordinated in priority of payment to the payments of interest on the A Notes and the B Notes. Payments of interest on the D Notes will be subordinated in priority of payment to the payments of interest on the A Notes, the B Notes and the C Notes. Payments of interest on the E Notes will be subordinated in priority of payment to the payments of interest on the A Notes, the B Notes, the C Notes and the D Notes. Payments of interest on the F Notes will be subordinated in priority of payment to the payments of interest on the A Notes, the B Notes, the C Notes, the D Notes and the E Notes. Payments of principal with respect to a Class of Notes which is subordinated to one or more other classes of Notes will not begin until after the required principal payment in respect of the Notes of a higher class. In addition, if relevant amounts are not sufficient to make interest payments due and owing on the Notes on any Interest Payment Date, interest payments on the Notes may be deferred. Such subordination may reduce the portion of Collections available to pay interest in respect of Notes subordinated to another class or classes of Notes in future periods and may ultimately result in a failure to pay interest or principal on such subordinated Notes to the extent that sufficient Collections are not available.

European Monetary Union

It is possible that prior to the Legal Final Maturity Date the United Kingdom may become a participating Member State in Economic and Monetary Union and that the euro may become the lawful currency of the United Kingdom. In this event there may be a transition period whereby both sterling and the euro would be lawful currency of the United Kingdom. During such a transition period, Borrowers may utilise their non-sterling facilities to a greater extent than they had prior to such period or may renegotiate their Loan Facilities to add a euro option. Depending upon the level of Borrowers' utilisation of these facilities, the number of Substitute Advances created for inclusion in the Asset Transfer Deed may occur at a lower rate than had been previously assumed. In addition, (i) all amounts payable in respect of the Notes that would otherwise have been payable in sterling may become payable in euro; (ii) applicable provisions of law may allow the Issuer to re-denominate any Notes denominated in sterling in euro and take additional measures in respect of the Notes; (iii) the introduction of the euro as the lawful currency of the United Kingdom may result in the disappearance of published or displayed rates for deposits in sterling used to determine the rates of interest on the Notes or changes in the way those rates are calculated, quoted or displayed. If the Notes are outstanding at a time when the euro becomes the lawful currency of the United Kingdom, the Issuer intends to make payment on the Notes in accordance with the then market practice of payment on such debts. It cannot be said with certainty what effect, if any, the adoption of the euro by the United Kingdom will have on investors in the Notes.

The introduction of the euro could also be accompanied by a volatile interest rate environment which could adversely affect a Borrower's ability to repay its Advance.

Ratings of the Notes

The ratings assigned to each Class of the Rated Notes by the Rating Agencies are based on the quality of the Securitised Advances and other relevant structural features of the transaction including, among other things, the short term unsecured, unguaranteed and unsubordinated debt ratings of the Swap Counterparty, Liquidity Facility Provider and the Account Bank. These ratings reflect only the views of the Rating Agencies.

The ratings do not represent any assessment of the yield to maturity that a Noteholder may experience or the possibility that Noteholders may not recover their initial investments if unscheduled receipts of principal result from a prepayment, a default and acceleration or other unscheduled receipt of funds from the Securitised Portfolio.

The ratings address the likelihood of full and timely receipt by any of the Noteholders of interest on the Notes and the likelihood of receipt by any Noteholder of principal of the Notes by the Legal Final Maturity Date. There can be no assurance that any such ratings will continue for any period of time or that they will not be reviewed, revised, suspended or withdrawn entirely by any of the Rating Agencies as a result of changes in or unavailability of information or if, in the judgment of the Rating Agencies, circumstances so warrant. A qualification, downgrade or withdrawal of any of the ratings mentioned above may impact the other ratings, the market value and/or liquidity of the Notes of any Class.

Credit rating agencies other than Moody's and Standard & Poor's could seek to rate the Notes (or any Class of them) without having been requested to do so by the Issuer and if such unsolicited ratings are lower than the comparable ratings assigned to the Notes by Moody's and S&P, those unsolicited ratings could have an adverse effect on the market value and/or liquidity of the Notes of any Class. In this prospectus, all references to ratings are to ratings assigned by the Rating Agencies (namely Moody's and Standard & Poor's).

Ratings confirmations

Under the Transaction Documents, the Trustee may determine whether or not any event, matter or thing is, in its opinion, materially prejudicial to the interests of any Class of Noteholders or, as the case may be, all the Noteholders, and if the Trustee shall certify that any such event, matter or thing is, in its opinion, materially prejudicial, such certificate shall be conclusive and binding upon the Issuer, the Noteholders and the other secured creditors of the Issuer. In making such a determination, the Trustee will be entitled to take into account, among other things, any confirmation by the Rating Agencies (if available) that the then current rating of the Rated Notes of the relevant Class would, or, as the case may be, would not, be adversely affected by any event, matter or thing.

It should be noted, however, that the decision as to whether or not to confirm any particular rating may be made on the basis of a variety of factors and no assurance can be given that any confirmation will be given or that any such confirmation will not be given in circumstances where the relevant proposed matter, event or thing would materially adversely affect the interests of Noteholders of a particular Class.

The Rating Agencies, in assigning credit ratings, do not comment on the interests of holders of securities (such as the Notes) and, in any event, there can be no assurance that the Rating Agencies would provide any such confirmation.

Proposed Changes to the Basel Capital Accord ("Basel II")

The Basel Committee on Banking Supervision has published the text of the new capital accord under the title "Basel II International Convergence on Capital Measurement and Capital Standards: a Revised Framework" (the "**Framework**"). This Framework, which places enhanced emphasis on market discipline and sensitivity to risk, will serve as the basis for national and supra-national rule-making and approval processes to continue and for banking organisations to complete their preparation for the implementation of the Framework during 2007 and 2008. The Framework will be put into effect for credit institutions in Europe via the recasting of a number of prior directives and referred to as the EU Capital Requirements Directive ("**CRD**") the final text of which is expected to be published in the fourth quarter of 2005. The Framework as published will, if not amended from its current form when implemented by regulators, affect risk-weighting of the Notes for investors subject to the new Framework following its implementation (whether via the CRD or otherwise by non-EU regulators). Consequently, Noteholders should consult their own advisers as to the consequences to and effect on them of the application of the Framework, as implemented by their own regulator, to their holding of any Class of Notes. The Issuer is not responsible for informing Noteholders of the effects of the changes to risk-weighting which will result for investors from the adoption by their own regulator of the Framework (whether or not implemented by them in its current form). No predictions can be made as to the precise effects of the potential changes which might result if the Framework were adopted in its current form, and investors should consult their own advisers as to the consequences for them of the proposed implementation of the new Framework.

Pursuant to the Conditions of the Notes, on any Interest Payment Date, the Issuer may (upon the satisfaction of certain conditions) redeem the Notes (in whole but not in part) at any time after the Framework is implemented in the United Kingdom via the CRD and/or otherwise. (See "*Conditions of the Notes*").

Introduction of International Financial Reporting Standards

The UK corporation tax position of the Issuer depends to a significant extent on the accounting treatment applicable to it. The Issuer has been advised that, for a special purpose securitisation company such as the Issuer, if the taxable profits of such a company are computed on the basis of UK generally accepted accounting practice as applicable up to 31 December 2004 (“**old UK GAAP**”) this should have the result that the company’s tax position will be broadly neutral, with the amount of the taxable profits being based on a small accounting profit.

For accounting periods beginning on or after 1 January 2005, the accounts of United Kingdom companies with listed debt (such as the Issuer) are required to comply with International Financial Reporting Standards (“**IFRS**”) or with new UK Financial Reporting Standards (“**new UK FRS**”) which are based on IFRS. (In the following, unless otherwise stated, references to IFRS include references to new UK FRS.) It is not clear whether the tax position of special purpose companies such as the Issuer will be the same under IFRS as it would have been under old UK GAAP. There is a concern that a company such as the Issuer might, under either IFRS or new UK FRS, be forced to recognise in their accounts movements the fair value of their assets which could result in profits or losses for accounting purposes, which bear little or no relationship to the company’s cash position.

It has been accepted by all sides in consultation that it is most likely to require a step-by-step approach, possibly over a period of years, in order to formulate appropriate tax measures to take account of the new accounting regime. As a first step, the Finance Act 2005 contains legislation which allows securitisation companies to prepare tax computations on the basis of old UK GAAP as applicable up to 31 December 2004 for all accounting periods beginning on or after 1 January 2005 and ending before 1 January 2007, notwithstanding any requirement to prepare statutory accounts under IFRS or new UK FRS (the “**moratorium period**”) and in addition, confers extensive and detailed powers on the Treasury to make regulations setting out a permanent scheme of taxation for securitisation companies.

In order for a company to qualify as a securitisation company, it is necessary for the company to satisfy a number of tests as at the closing of any relevant securitisation and the results of applying those tests therefore cannot be finally determined until closing. However, the definition of “securitisation company” is designed to include companies such as the Issuer.

If the Issuer qualifies as a securitisation company, this should allow the Issuer to avoid any impact of IFRS on its tax computations for any accounting period ending up to and including 1 January 2007. Further, provided that H.M. Revenue & Customs adhere to the policy objectives that they have indicated to date in this area and which they have reinforced in the Finance Act 2005, it is expected that secondary legislation will be enacted ensuring that the taxation treatment of companies such as the Issuer does not change as a result of the introduction of IFRS so as to give rise to any incremental unfunded tax liabilities. If, however, such expectations are not met and the tax position of the Issuer is adversely affected by the introduction of IFRS, this could ultimately cause a reduction in the payments the Noteholders receive on the Notes.

Unless further extensions to the moratorium period or other measures are introduced by H.M. Revenue & Customs to deal with accounting periods ending on or after 1 January 2007, then profits or losses (which are not ignored for tax purposes under the Loan Relationships and Derivative Contracts (Disregard and Bringing into Account of Profits and Losses) Regulations 2004) could arise in the Issuer as a result of the application of IFRS or new UK FRS which could have tax effects not contemplated in the cashflows for the transaction and, as such, adversely affect the Issuer and therefore adversely affect payments to Noteholders.

Book-Entry Interests

Unless and until Individual Note Certificates are issued, persons acquiring Notes will not be the legal owners or holders of such Notes but will have rights in their capacity as Participants in accordance with the rules and procedures of the relevant Clearing System and in the case of Indirect Participants, their agreements with Direct Participants (such rights, “**Book-Entry Interests**”). After payment to the Common Depositary and the DTC Custodian, the Issuer will have no responsibility or liability for the payment of interest, principal or other amounts to DTC Custodian, Euroclear, Clearstream, Luxembourg, the Common Depositary or to holders of Book-Entry Interests. Either Cede as nominee of DTC (in the case of Rule 144A Notes) or the nominee for the Common Depositary (in the case of the Regulation S Notes) will be the registered holder and legal owner of each Class of Notes for so long as such Class is represented by one or more Global Note Certificates. Accordingly, each person owning a Book-Entry

Interest must rely on the relevant procedures of the Common Depositary, the DTC Custodian, DTC, Euroclear and Clearstream, Luxembourg and, if such person is an Indirect Participant in such entities, on the procedures of the Direct Participant through which such person holds its interest, to exercise any rights of Noteholders under the Trust Deed.

So long as the Notes are in global form, payments of principal and interest on, and other amounts due in respect of, Notes will be made to Cede as nominee of DTC (in the case of Rule 144A Notes) and to the Common Depositary (in the case of Regulation S Notes). Upon receipt of any payment, DTC, Euroclear and Clearstream, Luxembourg will promptly credit Direct Participants' accounts with payments in amounts proportionate to their respective ownership of Book-Entry Interests, as shown on their records. The Issuer expects that payments by Direct Participants or Indirect Participants to owners of interests in Book-Entry Interests held through such Participants or Indirect Participants will be governed by standing customer instructions and customary practices, as is now the case with the securities held for the accounts of customers in bearer form or registered in 'street name', and will be the responsibility of such Direct Participants or Indirect Participants. None of the Issuer, the Trustee, the DTC Custodian, any Paying Agent or Registrar will have any responsibility or liability for any aspect of the records relating to, or payments made on account of, the Book-Entry Interests or for maintaining, supervising or reviewing any records relating to such Book-Entry Interests.

Unlike holders of Individual Note Certificates, holders of the Book-Entry Interests will not have direct rights under the Trust Deed to act upon solicitations of consents or requests by the Issuer for waivers or other actions from Noteholders. Instead, a holder of Book-Entry Interests will be permitted to act only to the extent it has received appropriate proxies to do so from DTC, Euroclear or Clearstream, Luxembourg (as the case may be) and, if applicable, Direct Participants. There can be no assurance that procedures implemented for the granting of such proxies will be sufficient to enable holders of Book-Entry Interests to vote on any requested actions on a timely basis. Similarly, upon the occurrence of an Event of Default, holders of Book-Entry Interests will be restricted to acting through the DTC Custodian, DTC, Euroclear, Clearstream, Luxembourg (as the case may be) unless and until Individual Note Certificates are issued. There can be no assurance that the procedures to be implemented by the DTC Custodian, DTC, Euroclear, Clearstream, Luxembourg under such circumstances will be adequate to ensure the timely exercise of remedies under the Trust Deed. See "*Form of Notes*" and "*Book-Entry Clearance Procedures*."

Holders of beneficial interests in the A1 Rule 144A Global Note Certificates or A2 Rule 144A Global Note Certificates held directly with DTC or through its participants must give advance notice to the Exchange Agent 15 days prior to each Interest Payment Date that they wish payments on such Rule 144A Global Note Certificates to be made to them in sterling or euro (as applicable) outside DTC. If such instructions are not given, sterling or euro payments on the A1 Rule 144A Global Note Certificates or A2 Rule 144A Global Note Certificates will be exchanged for US dollars by the Exchange Agent prior to their receipt by DTC and the affected holders will receive US dollars on the relevant Interest Payment Date.

Investment Company Act

The Issuer has not registered with the SEC as an investment company pursuant to the Investment Company Act, in reliance on an exception under Section 3(c)(7) of the Investment Company Act (and the rules and regulations of the SEC thereunder) for investment companies (a) whose outstanding securities are beneficially owned only by QPs and certain transferees thereof identified in Rule 3c-6 under the Investment Company Act and (b) which do not make a public offering of their securities in the United States.

If the SEC or a court of competent jurisdiction were to find that the Issuer is required, but in violation of the Investment Company Act, had failed to register as an investment company, possible consequences include, but are not limited to, the following: (i) the SEC could apply to a district court to enjoin the violation; (ii) investors in the Issuer could sue the Issuer and recover any damages caused by the violation; and (iii) any contract to which the Issuer is party that is made in, or whose performance involves, a violation of the Investment Company Act would be enforceable by any party to the contract unless a court were to find that under the circumstances enforcement would produce a more equitable result than non-enforcement and would not be inconsistent with the purposes of the Investment Company Act. Should the Issuer be subjected to any or all of the foregoing, the Issuer would be materially and adversely affected.

Prospective investors should also understand that any sale or transfer to a person in the United States or a US person who is not both a QIB and QP at the time of acquisition of the Notes (or beneficial interests therein) will be null and void ab initio and will not be honoured by the Issuer. Furthermore, the issuer, in its discretion, will have the right under the Notes to compel any such holder to transfer such Notes in a commercially reasonable sale to a person that is a QIB and a QP meeting the requirements set forth herein. Accordingly, any transferee or other holder in the United States or who is a US person that is not both a QIB and a QP at the time of such acquisition of the Notes shall have no rights as a holder of Notes.

ASSET TRANSFER DEED

Securitised Portfolio and Asset Transfer Deed

HSBC, pursuant to the Asset Transfer Deed, will declare a trust in respect of the Securitised Portfolio and act as Originator under the Asset Transfer Deed.

The Securitised Portfolio will be held on trust by the Originator for each of the Issuer and the Originator in accordance with their respective interests. The beneficial interest of the Issuer is referred to as the “**Issuer’s Portfolio Interest**” and is a fixed undivided 99% interest in the Securitised Portfolio (the “**Issuer’s Portfolio Interest percentage**”). The beneficial interest of the Originator under the Asset Transfer Deed is referred to herein as the “**Transferor’s Portfolio Interest**” and is a fixed undivided 1% interest in the Securitised Portfolio (the “**Transferor’s Portfolio Interest percentage**”). On the Closing Date the Issuer will acquire the Issuer’s Portfolio Interest for an amount equal to 99% of the principal amount of the Initial Securitised Advances.

The Issuer’s receipt of funds to meet its obligations to pay, among other things, amounts owing in respect of the Notes will be dependent upon, among other things, repayments actually being made by Borrowers (from whom no security has necessarily been taken in the support of those payments) in respect of Securitised Advances comprising the Securitised Portfolio and the proceeds of any relevant guarantees or insurance policies in respect of such Borrowers (to the extent that these are capable of inclusion as part of the Securitised Portfolio and are in turn allocated to the Issuer’s Portfolio Interest) and those payments being collected by the Originator in accordance with the terms of the Asset Transfer Deed and being allocated to the Issuer’s Portfolio Interest and distributed to the Issuer in accordance with the Asset Transfer Deed and the Cash Management Agreement.

See also “*Asset Transfer Power of Attorney*” below in respect of defaults by the Originator in performing its obligations in relation to the Asset Transfer Deed and certain specified events in relation to the Originator which will enable the Issuer to utilise the Asset Transfer Power of Attorney. Certain of the Securitised Advances may be secured in favour of the Originator; however, there can be no assurance that such security will continue to be in force or be validly constituted at the time payment from a Borrower is sought to be enforced.

Identifying Securitised Advances which comprise the Securitised Portfolio

The Asset Transfer Deed relates to specified advances or part advances (each, an “**Advance**”) drawn by Borrowers under certain designated Loan Facilities fulfilling the Eligibility Criteria (as defined below) (such specified Advances which are subject to the provisions of the Asset Transfer Deed, the “**Securitised Advances**”). The Securitised Advances on the Closing Date are the “**Initial Securitised Advances**”.

The method for identification of the Securitised Advances will be through computer tagging of each Securitised Advance and maintenance of a Portfolio Memorandum. The Portfolio Memorandum is a combination of: (a) the computer stored list of the designated and identified Securitised Advances (and the Loan Facilities under which they are drawn); and (b) the data sheets completed in relation to each of those Securitised Advances.

During any Substitution Period, to the extent that the Initial Securitised Advances have repaid or prepaid, HSBC may designate Substitute Advances. In accordance with the timing and procedures set out in the Asset Transfer Deed and the Cash Management Agreement, the Originator may from time to time add to the list of designated Securitised Advances set forth in the Portfolio Memorandum by electronically identifying such Substitute Advances (and the Loan Facilities under which they are drawn) which the Originator will represent and warrant (in respect of the relevant date of designation thereof pursuant to the Asset Transfer Deed) comply with the Eligibility Criteria and by fulfilling certain other requirements set forth in the Asset Transfer Deed. The Originator shall maintain the Portfolio Memorandum and shall identify (both electronically and in printed form) those Securitised Advances (and the Loan Facilities under which they are drawn) and which form part of the Securitised Portfolio from time to time. The Loan Facilities listed on the Portfolio Memorandum (whether or not the list has been printed) are called the “**Portfolio Designated Facilities**”.

Securitised Advances (whether Initial Securitised Advances or Substitute Advances) will not comprise part of the insolvent estate of the Originator.

Representations and Warranties of the Originator under the Asset Transfer Deed

Pursuant to the Asset Transfer Deed, the Originator has made certain representations and warranties to the Issuer in respect of the Securitised Advances, including the following:

1. the Advances identified on the computer system of the Originator as Securitised Advances comply, on the date of designation for inclusion in the Securitised Portfolio, with the Eligibility Criteria;
2. the Originator is the legal and (immediately prior to its forming part of the property which is the subject of the Asset Transfer Deed) beneficial owner of each Securitised Advance and, no encumbrance has been granted by the Originator over all or any of the Securitised Advances (other than in accordance with the Asset Transfer Deed, the Asset Transfer Power of Attorney or the other documents and agreements entered into in connection with the transactions contemplated by the Asset Transfer Deed);
3. no Borrower under a Securitised Advance is a subsidiary of the Originator, within the meaning of section 736 of the Companies Act 1985;
4. the Originator has not waived any Borrower's payment obligations under any Securitised Advance other than the waiver of obligations to which a reasonably prudent lender would have agreed or consented;
5. each Portfolio Designated Facility under which a Securitised Advance is drawn contains provisions pursuant to which the Borrower agrees to make payments in respect of such Securitised Advance without set-off and to the best of the Originator's knowledge and belief, having taken advice on the matter, such provisions are legal, valid and enforceable, subject only to (a) applicable bankruptcy, insolvency, reorganisation, moratorium, receivership, conservatorship or other similar laws affecting the enforcement of rights of creditors generally, and (b) the effect of general principles of equity;
6. any:
 - (i) payments by the Originator under the Asset Transfer Deed; and
 - (ii) payments by any Borrower in connection with any Securitised Advance;notwithstanding the entry by the Originator into the Asset Transfer Deed, may be made free and clear of, and without withholding or deduction for or on account of, any taxes, levies, duties, imposts, assessments or charges of whatsoever nature imposed, levied, collected, withheld or assessed by the United Kingdom or any political subdivision thereof or any supra-national entity to which the United Kingdom belongs or any authority in or of any such jurisdiction having power to tax, or by any other jurisdiction or authority having power to tax;
7. the Portfolio Designated Facility under which a Securitised Advance is drawn contains no transfer restriction which would be breached by the inclusion of a beneficial interest in the relevant Securitised Advance thereunder in accordance with the Asset Transfer Deed and execution of the Asset Transfer Power of Attorney;
8. the Originator has in all material respects kept proper accounts, books and records in respect of each Portfolio Designated Facility under which a Securitised Advance is drawn which are up to date and in the Originator's possession or held to its order;
9. as far as the Originator is aware, there are no subsisting, threatened or pending insolvency proceedings involving the Originator or any Borrower which would reasonably affect the legality, validity or enforceability of any Portfolio Designated Facility under which a Securitised Advance is drawn;
10. the Originator has not received notice of any litigation to which the Originator and a Borrower are party, which relates to a Portfolio Designated Facility under which a Securitised Advance is drawn and would (if adversely determined) materially and adversely affect the Originator or the Asset Transfer Deed;
11. the Securitised Portfolio (inclusive of any proposed Substitute Advance) must comply with the Portfolio Criteria as at the Closing Date and the date upon which a Substitute Advance is added to the Securitised Portfolio;
12. each Securitised Advance has been made by the Originator in the ordinary course of its banking trade;

13. there has been no default by the Originator under any Portfolio Designated Facility under which a Securitised Advance is drawn, the effect of which on its own or when aggregated with all other defaults by the Originator under any Portfolio Designated Facility under which a Securitised Advance is drawn, would have a material adverse effect on the property which is the subject of the Asset Transfer Deed;
14. each Securitised Advance is a senior obligation of the Borrower and contains no provisions causing it to rank lower than pari passu with other unsecured unsubordinated creditors of the Borrower; and
15. each Securitised Advance is an advance from a bank for purposes of Section 349(3)(a) of the Income and Corporation Taxes Act 1988.

“**Portfolio Criteria**” means fulfilment of the following criteria in respect of the Securitised Portfolio:

- (a) if at the time of any proposed addition, the Diversity Score in respect of the then Securitised Portfolio is less than 38 then the addition of the proposed Substitute Advance must increase the Diversity Score;
- (b) if at the time of any proposed addition, the Moody’s Weighted Average Rating is greater than 630 then the proposed Substitute Advance must have a Moody’s Rating Factor of less than 630;
- (c) the Single Industry Concentration is not more than the amount equal to 8% of the Total Portfolio Balance calculated as at the Closing Date;
- (d) the Single Obligor Concentration is not more than the amount equal to 2.5% of the Total Portfolio Balance Calculated as at the Closing Date;
- (e) if at the time of any proposed addition, the Weighted Average Spread in respect of the Securitised Portfolio is less than 0.40%, then the proposed Substitute Advance must pursuant to the terms of the relevant Portfolio Designated Facility bear interest at a rate which provides for a margin of greater than 0.40%;
- (f) the then US dollar Portfolio Balance is not greater than the amount equal to 25% of the Total Portfolio Balance calculated as at the Closing Date;
- (g) the then Euro Portfolio Balance is not greater than the amount equal to 25% of the Total Portfolio Balance calculated as at the Closing Date;
- (h) if at the time of any proposed addition, the Weighted Average Remaining Life in respect of the Securitised Portfolio is greater than 4.5 years, the Portfolio Designated Facility under which the proposed Substitute Advance is drawn must provide for repayment of all outstanding Advances thereunder by a maturity date no greater than 4.5 years from the date of the proposed addition;
- (i) if on the Calculation Date immediately preceding the date of any proposed addition the S&P CDO Evaluator/Monitor Test is not met, the proposed Substitute Advance has a CRR of 3.3 or better, or such other CRR as may be agreed by Standard & Poor’s from time to time; and
- (j) if on the Calculation Date immediately preceding the date of any proposed addition, the S&P Average Recovery Rate Test is not met, the proposed Substitute Advance has an S&P Recovery Rate of at least 42.5.

“**Diversity Score**” when utilised in relation to the Portfolio Criteria means the addition of each of the Industry Diversity Scores for Borrowers under the Securitised Advances, calculated as follows: (a) a “Borrower Par Amount” is calculated for each Borrower under a Portfolio Designated Facility by adding the principal balance of all Securitised Advances in respect of such Borrower; (b) an “Average Par Amount” is calculated by adding the Borrower Par Amounts and dividing by the number of Borrowers in relation to the Securitised Advances; (c) an “Equivalent Unit Score” is calculated for each Borrower by taking the lesser of (i) one, and (ii) the Borrower Par Amount for such Borrower divided by the Average Par Amount; (d) an “Aggregate Industry Equivalent Unit Score” is then calculated for each of the Industry Classification Groups by summing the Equivalent Unit Scores for each Borrower in relation to each Customer within such Moody’s Industry Group Classification; and (e) an “Industry Diversity Score” is then established by reference to Moody’s established diversity score table (as the same may be amended, supplement or updated from time to time and as may be agreed with Moody’s) for the related Aggregate Industry Equivalent Unit Score.

“**Single Obligor Concentration**” means the greatest of each of the Single Obligor Concentrations for each of the Borrowers in respect of the Securitised Advances. The “**Single Obligor Concentrations**” for a

Borrower means the aggregate principal balance of all the Securitised Advances in respect of such Borrower (calculated using the relevant exchange rate under the Asset Swap Agreements).

“**Single Industry Concentration**” means the greatest of each of the Single Industry Concentrations for each Standard & Poor’s Industry Group. The “**Single Industry Concentrations**” for a Standard & Poor’s Industry Group means the aggregate of all the Securitised Advances in respect of Borrowers which fall into that Standard & Poor’s Industry Group (calculated using the relevant exchange rate under the Asset Swap Agreements).

The “**S&P Average Recovery Rate Test**” will be satisfied if, as of any Calculation Date, the S&P Average Recovery Rate is at least 42.5. “**S&P Average Recovery Rate**” means the number (expressed as a percentage) obtained by summing the products obtained by multiplying the outstanding principal balance of each Securitised Advance by its S&P Recovery Rate, and dividing such sum by the aggregate outstanding principal balance of all Securitised Advances. The “**S&P Recovery Rate**” means, in respect of each Securitised Advance, the S&P Recovery Rate determined in accordance with the following table:

Group	Senior secured	Unsecured senior loans
2	65	42.5
3	58	42.5

Group 2: Borrower incorporated in England and Wales, Scotland, Northern Ireland, British Virgin Island, Bermuda, Jersey

Group 3: Borrower incorporated in The Netherlands

“**Weighted Average Spread**” in relation to the Portfolio Criteria means the percentage derived from the fraction the numerator of which is the sum of the “**Margin Amounts**” and the denominator of which is the Total Portfolio Balance. Each “**Margin Amount**” is the product of (i) the relevant margin rate set in relation to a Securitised Advance or the relevant Principal Collections Account (converted, where necessary, into sterling using the exchange rate under the Asset Swap Agreement) and (ii) the principal balance of the relevant Securitised Advances.

“**Moody’s Weighted Average Rating**” in relation to the Portfolio Criteria means the amount determined by adding the products obtained by multiplying the principal balance of each Securitised Advance by its Moody’s Rating Factor, dividing such sum by the aggregate principal balance of all Securitised Advances and, if the resulting quotient is not a whole number, rounding the result up to the nearest whole number.

The following table provides certain correlations relating to CRRs which has been established in conjunction with discussion and consultation with the Rating Agencies. The information is subject to change and any ratings correlations in respect of CRRs may not at any time necessarily reflect the below table.

CRR	Moody’s Rating	Moody’s Rating Factor	S&P Rating
1.1	Aa1	10	AAA
1.2	Aa3	40	AA
2.1	A3	180	A
2.2	Baa1	260	BBB+
3.1	Baa1	260	BBB+
3.2	Baa2	360	BBB
3.3	Baa3/Ba1	775	BBB-
4.1	Ba2	1350	BB
4.2	Ba2	1350	BB
4.3	Ba3	1766	BB-
5.1	B2	2720	B
5.2	B3	3490	B-
5.3	Caa1	4770	B-
6.1	Ca	10000	CCC+
6.2	Ca	10000	CCC+
7.1	Ca	10000	CCC+
7.2	Ca	10000	CCC
8.1	Ca	10000	CCC-
8.2	Ca	10000	CC
8.3	Ca	10000	C
9.0	C	10000	D
10.0	C	10000	D

The “**Moody’s Rating Factor**” with respect of any Securitised Advance is the number shown in the above table in the column headed “Moody’s Rating Factor” opposite the CRR (or (including but not limited to the event of replacement, supplement or amendment to such CRRs), such other numbers as may be agreed with Moody’s from time to time):

“**Weighted Average Remaining Life**” in relation to the Portfolio Criteria means the number of years derived from the fraction the numerator of which is the sum of the “Weighted Remaining Life Amounts” of all Securitised Advances and the denominator of which is the Total Portfolio Balance. The “**Weighted Remaining Life Amount of a Securitised Advance**” is the product of (i) the length of time in years until the maturity date of the Loan Facility related to a Securitised Advance and (ii) the principal balance of the Securitised Advance.

The “**S&P CDO Evaluator/Monitor Test**” in respect of the Notes will be satisfied if, as of any Calculation Date, the Default Differential of the Securitised Portfolio is positive in respect of each Class of Rated Notes. The “**Default Differential**” in respect of a Class of Notes at any time is the rate calculated by subtracting the Scenario Default Rate in respect of that Class of Notes from the Break-even Default Rate for that Class of Notes at such time. The “**Scenario Default Rate**” in respect of a Class of Notes at any time is an estimate of the cumulative default rate for the Securitised Portfolio consistent with a rating in respect of that Class of Notes which is equal to the credit ratings applicable to that Class of Notes on the Closing Date as determined by application of the S&P CDO Evaluator/Model at such time. The “**Break-even Default Rate**” in respect of a Class of Notes is the maximum percentage of defaults which the Securitised Portfolio can sustain as determined by Standard & Poor’s through application of the S&P CDO Evaluator/Monitor which after giving effect to Standard & Poor’s assumptions on recoveries and timing and to the Priorities of Payments will result in sufficient funds remaining for the payment in full of that Class of Notes as determined by Standard & Poor’s as of the Closing Date. The “**S&P CDO Evaluator/Monitor**” is the dynamic, analytical computer model developed by Standard & Poor’s and used to estimate the default risk of Securitised Advances which is provided to the Cash Manager on or before the Closing Date, as such computer model may be modified by Standard & Poor’s from time to time. The S&P CDO Evaluator/Monitor calculates the cumulative default rate of a pool of Advances consistent with a specified benchmark rating level based upon Standard & Poor’s proprietary corporate debt default studies. In calculating the Scenario Default Rate applicable to the Notes, the S&P CDO Evaluator/Monitor considers each Borrower’s most senior unsecured debt rating, the number of Borrowers in the Securitised Portfolio, the Borrower and industry concentrations in the Securitised Portfolio and the remaining weighted average maturity of the Securitised Advances and calculates a cumulative default rate based upon the statistical probability of distributions or defaults on the Securitised Advances.

Servicing Covenant

The Originator administers the Collections in accordance with its customary and usual servicing procedures for servicing Loan Facility receivables comparable to the Securitised Portfolio and in accordance with the terms of the Asset Transfer Deed. Subject to the foregoing, the Originator has full power and authority, acting alone or through any party properly designated by it, to do any and all things in connection with the servicing and administration of the Collections as it may deem necessary or desirable. See “*Transaction Cashflows*” and “*Cash Management*”.

Remedy for Breach of Representation

If a Securitised Advance is found to breach a representation at the time such Securitised Advance is added to the Securitised Portfolio in accordance with the Asset Transfer Deed, the Originator will be required to re-acquire at par the beneficial interest in that Securitised Advance and it will, following such re-acquisition (and payment of the Re-acquisition Proceeds), no longer be held on trust as a Securitised Advance and will be electronically identified by the Originator as no longer comprising a Securitised Advance. HSBC will consider whether any such re-acquired beneficial interest in a Securitised Advance will be eligible to form part of the Securitised Portfolio (on the basis that it then complies with all required representations and warranties), in which event it may become a Substitute Advance (and consideration as specified under the Asset Transfer Deed would be required to be paid in respect of it) if it is re-tagged and the requisite documentation is delivered pursuant to the Asset Transfer Deed in respect of it.

Asset Transfer Power of Attorney

HSBC has, in connection with the creation of the Asset Transfer Deed, granted to the Issuer the Asset Transfer Power of Attorney to secure the performance by the Originator of its obligations under the Asset

Transfer Deed. The Asset Transfer Power of Attorney secures performance by the Originator of obligations under the Asset Transfer Deed including its covenants to enforce its rights under the Portfolio Designated Facilities and to collect payments in respect of the Securitised Portfolio in the ordinary course of its business and remit the proceeds relating to the Issuer's Portfolio Interest to the Issuer.

The Asset Transfer Power of Attorney entitles the Issuer following the occurrence of a Power of Attorney Event (as defined herein), (1) to enforce the Portfolio Designated Facilities in relation to the Securitised Portfolio in the name of HSBC; (2) in the event that HSBC fails to do so when required, to give notices (in the name of HSBC) requiring Borrowers (or agent banks, as applicable) under the Portfolio Designated Facilities to pay funds into a new collection account at a Qualifying Institution other than HSBC and to enter into any other necessary arrangements in relation to the change to those collection account arrangements; and (3) to enter into other arrangements in relation to the collection and preservation of the Securitised Portfolio.

There are three areas of action covered by the Asset Transfer Power of Attorney following a Power of Attorney Event and in the event that the Originator fails to do so when required under the Asset Transfer Deed:

- (1) actions enforcing a change of Originator Collection Accounts arrangements in relation to Borrowers. The Issuer is required under the Cash Management Agreement to conduct such actions and is not be required to seek any further consent or authorisation to conduct such actions;
- (2) taking action against Borrowers in the name of the Originator. The Issuer is required under the Cash Management Agreement to take action against the relevant Borrower using the Asset Transfer Power of Attorney to collect the relevant Securitised Advance, whether by enforcement of the terms of the Portfolio Designated Facility or otherwise; the Issuer may, if the Issuer considers it to be in the interests of the Issuer to do so and without any further consent or authorisation from the Originator, take any such course of action as the Issuer considers to be desirable in relation to the collection or sale or analogous action in relation to such Securitised Advance, Portfolio Designated Facility or Borrower; and
- (3) actions which involve matters fundamental to the constitution of the Asset Transfer Deed or allocation of the Securitised Portfolio, where the Issuer may take such actions as are required. Pursuant to the terms of the Trust Deed the Issuer shall be entitled to give such consent provided that (1) the matter will not be materially prejudicial to the interests of the Noteholders; and (2) the matter would not adversely affect the then current rating of the Notes.

A "**Power of Attorney Event**" means:

- (1) the appointment in relation to the Originator of a receiver, administrator, administrative receiver, provisional liquidator, liquidator, trustee or similar officer of it, relating to all or substantially all of its revenues and assets or a resolution is passed by the Originator or an order of the court is made for its insolvent winding up, or an order is made for its dissolution, administration or analogous procedure;
- (2) a duly authorised officer of the Originator shall admit in writing that the Originator is unable to pay its debts as they fall due within the meaning of Section 123 of the Insolvency Act 1986 (other than Section 123(1)(a)) (or fails to certify that it is able to pay its debts as they fall due (within the meaning of Section 123 of the Insolvency Act 1986 (other than Section 123(1)(a)) following reasonable request of the Issuer) or the Originator makes a general assignment for the benefit of, or a scheme, arrangement or composition with, its creditors or voluntarily suspends payment of its obligations with a view to the general readjustment or rescheduling of its indebtedness; or
- (3) failure on the part of the Originator to observe or perform in any material respect any covenants or agreements by which the Originator is bound and which failure has a material adverse effect on the Issuer's interest in the Issuer's Portfolio Interest including without limitation as to quantum, timing of payment, remedies or entitlement and which continues unremedied for a period of sixty days after the date on which written notice of such failure, requiring the same to be remedied, shall have been given to the Originator by the Issuer and continues to affect materially and adversely the Issuer's interest in the Issuer's Portfolio Interest.

Eligible Portfolio Designated Facilities

The Loan Facilities, at the time Advances thereunder become listed in the Portfolio Memorandum (as the same may be supplemented from time to time), must fulfil the Facility Eligibility Criteria which are set

forth under the Asset Transfer Deed. A Loan Facility will be a “**Portfolio Designated Facility**” if it is listed on the Portfolio Memorandum. A Portfolio Designated Facility will fulfil the “**Facility Eligibility Criteria**” if on the date upon which an Advance thereunder becomes subject to the Asset Transfer Deed:

- (i) it is a revolving or term corporate credit agreement (not a lease or a project financing or a structured finance obligation) to which the Originator and the borrower thereunder (a “**Borrower**”) are parties and such Borrower has been accorded a customer risk rating (“**CRR**”) of 1.1 to 4.3 (the “**Required CRR**”) (or, in the event of amendment, supplement or replacement of such CRRs, such equivalent CRR (or other such designation) as may accord with the Required CRR pursuant to such amendment, supplement or replacement (subject to confirmation of such equivalency by the Rating Agencies then rating the Notes));
- (ii) it provides for repayment of all outstanding Advances under such Loan Facility by a maturity date which is no later than the Interest Payment Date falling immediately subsequent to the tenth anniversary of the Closing Date;
- (iii) no Advance thereunder has been written off by the Originator;
- (iv) it provides for cash repayments that fully amortise the outstanding balance of any Advances under the Loan Facility by its maturity date and does not provide for such outstanding balance to be discounted pursuant to a prepayment in full;
- (v) it provides that at least one Borrower with respect to it is a corporate entity and is incorporated in England and Wales, Scotland, Northern Ireland, Bermuda, British Virgin Islands, Jersey or The Netherlands and no Borrower thereunder is a sovereign or government or an agent, department, instrumentality or political subdivision of any sovereign or government;
- (vi) it was created in compliance, in all material respects, with all applicable laws (and all consents, licences, approvals, authorisations, registrations or declarations required to be obtained, effected or given by the Originator in connection with the creation of the Loan Facility were obtained, effected or given and are in full force and effect);
- (vii) it has not been satisfied or rescinded;
- (viii) it is governed by English law; and
- (ix) it contains a waiver of rights of set-off by the Borrower.

Eligibility Criteria for Securitised Advances

The eligibility criteria (the “**Eligibility Criteria**”) in respect of each Securitised Advance are that, on the date upon which it becomes subject to the Asset Transfer Deed:

- (i) it is made by the Originator pursuant to a Portfolio Designated Facility which fulfils the Facility Eligibility Criteria;
- (ii) it is denominated and payable in sterling, US dollars or euro in the United Kingdom and there is no unilateral ability on the part of the relevant Borrower to change the currency in which or country in which such Securitised Advance is repayable;
- (iii) it provides for periodic payments of interest to be made no less frequently than semi-annually;
- (iv) such Securitised Advance is not in arrear;
- (v) at the time such advance becomes a Securitised Advance pursuant to the terms of the Asset Transfer Deed, the Portfolio Designated Facility under which the Securitised Advance is made has the Required CRR (or, in the event of amendment, supplement or replacement of such CRRs, such equivalent CRR (or other such designation) as may accord with the Required CRR pursuant to such amendment, supplement or replacement (subject to the confirmation of such equivalency by the Rating Agencies));
- (vi) the relevant Borrower in relation to the Securitised Advance is incorporated in one of England and Wales, Scotland, Northern Ireland, British Virgin Islands, Bermuda, Jersey or The Netherlands;
- (vii) it is for a fixed period of at least 5 days;
- (viii) the margin to be paid by the Borrower in relation to the Securitised Advance is at least 0.15 per cent. per annum (on an annualised basis);

- (ix) it is booked and is being serviced by HSBC in the United Kingdom;
- (x) it carries no right of conversion into shares or other securities, or to the acquisition of shares or other securities;
- (xi) it does not carry, and has not at any earlier time carried, a right to interest the amount of which exceeds a reasonable commercial return on the nominal amount of the principal borrowed under the Securitised Advance;
- (xii) it constitutes legal, valid, binding and enforceable obligations of the relevant Borrower enforceable against such Borrower in accordance with the terms of the relevant Loan Facility subject only to (a) applicable bankruptcy, insolvency, reorganisation, moratorium, receivership, conservatorship or other similar laws affecting the enforcement of rights of creditors generally, and (b) the effect of general principles of equity and is not subject to any defence, dispute, set-off, counterclaim or enforcement order or any analogous proceedings;
- (xiii) it does not carry, and has not at any earlier time carried, a right to interest which falls or has fallen to be determined to any extent by reference to the results of, or any part of, a business or to the value of any property, except that an Advance will not be treated as failing to meet this criterion where the connection between the right to interest and the results of, or any part of, a business or the value of any property is such that the interest (i) reduces in the event of the results of a business or part of a business improving or the value of any property increasing or (ii) increases in the event of the results of a business or part of a business deteriorating or the value of any property diminishing;
- (xiv) it does not carry, and has not at any earlier time carried, a right on repayment to an amount which exceeds the nominal amount of the principal borrowed under the Securitised Advance; and
- (xv) payments by a Borrower in respect of such Securitised Advance may be made free and clear of and without withholding or deduction for or on account of any taxes, levies, duties, imposts, assessments or charges of whatsoever nature imposed, levied, collected, withheld or assessed by the United Kingdom or any political subdivision thereof or any supra-national entity to which the United Kingdom belongs or any authority in or of such jurisdiction having power to tax, or by any other jurisdiction or authority having power to tax, and such payments will not become subject to such withholding or deduction as a result of a beneficial interest in such Securitised Advance being transferred pursuant to the Asset Transfer Deed.

Allocations of Collections: Issuer's Portfolio Interest, Transferor's Portfolio Interest

Advising of Collections, Default Amounts and other Amounts

Under the Asset Transfer Deed, Collections relating to Securitised Portfolio will be calculated and allocated on a daily basis to the Transferor's Portfolio Interest and the Issuer's Portfolio Interest in their respective fixed proportions of 1% and 99% and shall be distributed on a daily basis to HSBC and to the Issuer (to the relevant Issuer Account), respectively. The Cash Manager shall determine daily all amounts which represent Principal Collections, Interest Collections of basis amounts in respect of the Securitised Portfolio ("**Interest Collections (Basis)**"), and any other Interest Collections not being Interest Collections (Basis) in respect of the Securitised Portfolio (any such other Interest Collections, "**Interest Collections (Margin)**"), Default Amounts and Set-off Shortfalls. See "*Calculation and Allocation of Default Amounts and Set-off Shortfalls*" below.

Collections deposited in the Originator Collection Accounts shall be allocated on a daily basis by the Originator pursuant to the terms of the Asset Transfer Deed, between the Issuer's Portfolio Interest and the Transferor's Portfolio Interest. All such amounts allocated to the Issuer's Portfolio Interest will be transferred daily to the relevant Issuer Account. All such amounts allocated to the Transferor's Portfolio Interest will be transferred daily to such account as the Originator may direct.

Defaulted Advances, Resolved Advances, Delinquent Advances and Set-off Shortfalls

Default Amounts will be calculated daily and allocated by reference to the Issuer's Portfolio Interest percentage and Transferor's Portfolio Interest percentage to each of the Transferor's Portfolio Interest and the Issuer's Portfolio Interest.

A Securitised Advance shall become a "**Defaulted Advance**" upon the earlier of (a) the Borrower (as defined herein) failing to pay any interest or principal due in respect of the relevant Advance within

24 months of such amount becoming due or (b) the sums owed by the Borrower in respect of such Securitised Advance being written off by the Originator (see “*HSBC and HSBC’s Credit Policies and Procedures*”). A Defaulted Advance shall become a “**Resolved Advance**” at the time at which all final Recoveries have been received in respect of such Defaulted Advance.

A Securitised Advance in respect of which the Borrower thereunder is delinquent in making any payment of principal or interest thereunder, and which is not a Defaulted Advance, is a “**Delinquent Advance**”. The Originator will calculate and advise the Issuer on a quarterly basis of the principal amount of Securitised Advances which are Defaulted Advances, Resolved Advances or Delinquent Advances and the amounts relating to any delinquency.

In the event that a Borrower under a Securitised Advance purports to set off (pursuant to Rule 4.90 of the Insolvency Rules 1986 or otherwise), against its principal repayment of that Securitised Advance, deposits with or monies owing by or claims against the Originator in respect of that Borrower, the amount by which payment of the relevant Securitised Advance is reduced by such set-off (the “**Set-off Shortfall**”), and the remaining Principal Collections (if any) in relation to such Securitised Advance, shall be calculated and allocated using the Set-off Shortfall Allocation (as defined below).

The “**Set-off Shortfall Allocation**” shall be used to calculate and allocate any Set-off Shortfall and any related Principal Collection on each business day as follows:

- (1) the Originator (or the Cash Manager on its behalf) shall calculate the full amount of Principal Collections in relation to the Securitised Advance that would otherwise have been paid on such day but for the Set-off Shortfall;
- (2) on any business day Principal Collections or any Recoveries in relation to the relevant Securitised Advance where there existed any Set-off Shortfall shall be calculated as to 100% of the amount of any such Principal Collection or Recoveries received on the relevant business day as being available to the Issuer’s Portfolio Interest (and such amount shall then be applied as Principal Collections or Recoveries, as applicable, in accordance with the terms of the Asset Transfer Deed) (provided that if such amount exceeds 99% of the principal amount of the Securitised Advance, then any such excess shall be allocated to the Transferor’s Portfolio Interest).

Bank Accounts

Originator Collection Accounts

HSBC in its capacity as Originator maintains accounts (the “**Originator Collection Accounts**”) denominated in sterling, euros and US dollars, into which interest payments and principal repayments of advances, including the Securitised Advances, are made.

On each day, the Originator is required under the Asset Transfer Deed to identify and calculate all amounts representing Interest Collections and Principal Collections relating to the Securitised Portfolio. Following such identification and calculation, such amounts are then immediately allocated and distributed by the Originator in accordance with the beneficial interests under the Asset Transfer Deed to the Transferor’s Portfolio Interest and the Issuer’s Portfolio Interest based upon the respective fixed undivided 1% and 99% interests.

Issuer Accounts

The Issuer will maintain accounts denominated in each of sterling, euro and US dollars (each such account, an “**Issuer Account**”) into which all payments will be made pursuant to the Asset Transfer Deed. Each Issuer Account is an account in the name of the Issuer held at a Qualifying Institution which, on the Closing Date, will be HSBC as Account Bank and amounts which are to be paid to the Issuer pursuant to the terms of the Asset Transfer Deed and Cash Management Agreement, in the absence of any other direction from the Issuer or the Trustee, will be paid into or to the order of the Issuer Account.

Bank Accounts

On the Closing Date, the Issuer Accounts will be as follows:

- (i) a sterling-denominated account into which all sterling Collections paid to the Issuer in respect of the Issuer’s Portfolio Interest will be paid (the “**Sterling Collection Account**”);

- (ii) a US dollar-denominated account into which all US dollar Collections paid to the Issuer in respect of the Issuer's Portfolio Interest will be paid (the "**US dollar Collection Account**");
- (iii) a euro-denominated account into which all euro Collections paid to the Issuer in respect of the Issuer's Portfolio Interest will be paid (the "**Euro Collection Account**" and, together with the Sterling Collection Account and US dollar Collection Account, the "**Collection Accounts**");
- (iv) a sterling-denominated account into which all sterling Principal Collections paid to the Issuer in respect of the Issuer's Portfolio Interest and withdrawn from the Sterling Collection Account on a daily basis will, along with certain other specified amounts, be paid (the "**Sterling Principal Collections Account**");
- (v) a US dollar-denominated account into which all US dollar Principal Collections paid to the Issuer in respect of the Issuer's Portfolio Interest, and withdrawn from the US dollar Collection Account on a daily basis will, along with certain other specified amounts, be paid (the "**US dollar Principal Collections Account**");
- (vi) a euro-denominated account into which all euro Principal Collections paid to the Issuer in respect of the Issuer's Portfolio Interest, and certain other specified amounts and withdrawn from the Euro Collection Account on a daily basis will, along with certain other specified amounts, be paid (the "**Euro Principal Collections Account**" and, together with the Sterling Principal Collections Account and the US dollar Principal Collections Account, the "**Principal Collections Account**");
- (vii) a sterling-denominated account into which all sterling Interest Collections (Basis) paid to the Issuer in respect of the Issuer's Portfolio Interest and withdrawn from the Sterling Collection Account on a daily basis will, along with certain other specified amounts, be paid (the "**Sterling Interest Collections (Basis) Account**");
- (viii) a US dollar-denominated account into which all US dollar Interest Collections (Basis) paid to the Issuer in respect of the Issuer's Portfolio Interest and withdrawn from the US dollar Collection Account on a daily basis will, along with certain other specified amounts, be paid (the "**US dollar Interest Collections (Basis) Account**");
- (ix) a euro-denominated account into which all euro Interest Collections (Basis) paid to the Issuer in respect of the Issuer's Portfolio Interest and withdrawn from the Euro Collection Account on a daily basis will, along with certain other specified amounts, be paid (the "**Euro Interest Collections (Basis) Account**" and, together with the Sterling Interest Collections (Basis) Account and the US dollar Interest Collections (Basis) Account, the "**Interest Collections (Basis) Accounts**");
- (x) a sterling-denominated account into which all sterling Interest Collections which are not Interest Collections (Basis) paid to the Issuer in respect of the Issuer's Portfolio Interest and withdrawn from the Sterling Collection Account on a daily basis will, along with certain other specified amounts, be paid (the "**Sterling Interest Collections (Margin) Account**");
- (xi) a US dollar-denominated account into which all US dollar Interest Collections which are not Interest Collections (Basis) paid to the Issuer in respect of the Issuer's Portfolio Interest and withdrawn from the US dollar Collection Account on a daily basis will, along with certain other specified amounts, be paid (the "**US dollar Interest Collections (Margin) Account**");
- (xii) a euro-denominated account into which all euro Interest Collections which are not Interest Collections (Basis) paid to the Issuer in respect of the Issuer's Portfolio Interest and withdrawn from the Euro Collection Account on a daily basis will, along with certain other specified amounts, be paid (the "**Euro Interest Collections (Margin) Account**" and, together with the Sterling Interest Collections (Margin) Account and the US dollar Interest Collections (Margin) Account, the "**Interest Collections (Margin) Accounts**");
- (xiii) a sterling-denominated account into which all swapped amounts in respect of sterling Interest Collections (Basis) paid to the Issuer in respect of the Issuer's Portfolio Interest, and certain other specified amounts, will be paid (the "**Sterling Swap Interest Collections (Basis) Account**");
- (xiv) a US dollar-denominated account into which all swapped amounts in respect of US dollar Interest Collections (Basis) paid to the Issuer in respect of the Issuer's Portfolio Interest, and certain other specified amounts, will be paid (the "**US dollar Swap Interest Collections (Basis) Account**");

- (xv) a euro-denominated account into which all euro swapped amounts in respect of Interest Collections (Basis) paid to the Issuer in respect of the Issuer's Portfolio Interest, and certain other specified amounts, will be paid (the "**Euro Swap Interest Collections (Basis) Account**") and, together with the Sterling Swap Interest Collections (Basis) Account and the US dollar Swap Interest Collections (Basis) Account, the "**Swap Interest Collections (Basis) Accounts**");
- (xvi) the Reserve Account;
- (xvii) an operational account;
- (xviii) a sterling-denominated account into which Principal Collections and certain designated swapped amounts representing Principal Collections and withdrawn from the Principal Collections Account on a quarterly basis will, along with certain other specified amounts being paid pursuant to the Asset Swap Agreements (as defined below), be paid (the "**Principal Composite Account**");
- (xix) a sterling-denominated account into which Interest Collections and certain designated swap amounts representing Interest Collections and withdrawn from Interest Collections (Basis) Account and the Interest Collections (Margin) Account on a monthly or quarterly basis will, along with certain other specified amounts being paid pursuant to the Asset Swap Agreements (as defined below) be paid (the "**Interest Composite Account**");
- (xx) a sterling-denominated account relating to the payments required to be made by the Issuer in relation to the Sterling Notes (the "**Sterling Funding Account**");
- (xxi) a euro-denominated account relating to the payments required to be made by the Issuer in relation to the Euro Notes (the "**Euro Funding Account**");
- (xxii) a US dollar-denominated account relating to the payments required to be made by the Issuer in relation to the Dollar Notes (the "**Dollar Funding Account**"); and
- (xxiii) such other accounts as the Issuer (or the Cash Manager on its behalf) may establish from time to time.

The Issuer will also maintain (i) an account (the "**Replacement Swap Counterparty Premium Account**") into which will be paid any premium or other amount received by the Issuer from a replacement swap counterparty providing a replacement swap transaction or swap transactions; (ii) accounts into which any collateral (in the form of securities or cash respectively) provided by the Swap Counterparty pursuant to a Swap Agreement will be credited (such accounts, together, the "**Collateral Account**"); and (iii) an account into which will be paid any cash payment or repayment recovered by the Issuer as a result of the payment by the Swap Counterparty of a tax gross-up pursuant to a Swap Agreement (the "**Swap Repayment Account**").

Neither the Replacement Swap Counterparty Premium Account nor the Collateral Account will be Issuer Accounts and amounts credited thereto will not form part of the funds available to the Issuer other than amounts standing to the credit of the Collateral Account applied in satisfaction of Termination Payments due to the Issuer following the designation of an early termination date under a Swap Agreement.

Replacement Qualifying Institutions

If the bank at which any Issuer Account is held ceases to be an institution with the Required Rating (an institution with such Required Rating, a "**Qualifying Institution**"), then the Issuer will, within thirty days, establish a new account to replace the affected account or accounts, and will transfer any funds standing to the credit of the affected account to such new account or accounts.

Permitted Investments

"**Permitted Investments**" means with respect to investment of funds standing to the credit of or to the order of any Issuer Account:

- (1) demand or time deposits, certificates of deposit and short-term unsecured debt obligations including commercial paper provided that the short-term unsecured, unsubordinated and unguaranteed debt obligations of the issuing entity or, if such investment is guaranteed, of the guaranteeing entity, are rated A-1+ by Standard & Poor's or the long-term unsecured and unguaranteed debt obligations of the issuing entity or, if such investment is guaranteed, of the guaranteeing entity, are rated AAA by Standard & Poor's and the short-term unsecured, unsubordinated and unguaranteed debt obligations of the issuing entity or, if such investment is guaranteed, of the guaranteeing entity, are rated P-1 by Moody's and the long-term unsecured and unguaranteed debt obligations of the issuing entity, or if such investment is guaranteed, of the guaranteeing entity, are rated A1 by Moody's; and

- (2) a guaranteed investment contract with a Qualifying Institution (which initially is contemplated to be HSBC) in respect of such account; or
- (3) any other investments with the consent of the Rating Agencies which would not adversely affect the then current rating(s) of the Notes or, if the Notes are no longer rated by the Rating Agencies, the investment in which is approved by the Trustee,

provided that each such investment must be denominated in the currency of the relevant Issuer Account and must mature on or before the first date upon which a payment is required to be made out of such account after the date on which such investment is made or acquired (and in any such case must be less than three months).

TRANSACTION CASHFLOWS

Calculation Periods and Calculation Date

The “**Calculation Date**” is the date which is 4 Business Days prior to each Interest Payment Date. The period from (and including) one Calculation Date (or, in respect of the first such period, the Closing Date) to (but excluding) the next following Calculation Date is called the “**Calculation Period**”.

Reserve Account and Liquidity Reserve Ledger

On or prior to the Closing Date, the Issuer (or the Cash Manager on behalf of the Issuer) will establish a sterling-denominated reserve account (the “**Reserve Account**”) which will be funded (subject to and in accordance with the Available Income Funds Priority of Payments, as described below) up to the Required Reserve Amount and any amount deposited to the Reserve Account in respect of the Required Reserve Amount shall be credited to a ledger (the “**Reserve Ledger**”) maintained by the Issuer (or the Cash Manager on behalf of the Issuer).

On any Interest Payment Date, the “**Initial Required Reserve Amount**” means £48,000,000 and the “**Required Reserve Amount**” means the greatest of:

(1) the Initial Required Reserve Amount;

or

(2) $A \times 0.7/B$ where:

A = the Initial Required Reserve Amount;

$B = Z/Y - 0.05$

Where Z = the forward US dollar to sterling exchange rate for the next following Interest Payment Date as determined by the Cash Manager; and where Y = the US dollar to sterling exchange rate under the Asset Swap Agreement as at the Closing Date;

or

(3) $A \times 0.7/B$ where:

A = the Initial Required Reserve Amount;

$B = V/T - 0.05$

where V = the forward euro to sterling exchange rate for the next following Interest Payment Date as determined by the Cash Manager; and where T = the euro to sterling exchange rate under the Asset Swap Agreement as at the Closing Date.

On or prior to the Closing Date, the Issuer (or the Cash Manager on behalf of the Issuer) will establish within the Reserve Account a sterling-denominated liquidity reserve ledger (the “**Liquidity Reserve Ledger**”). Amounts shall be deposited to the Reserve Account (in accordance with the Available Income Funds Priority of Payments and the Available Principal Funds Priority of Payments) up to an amount (the “**Required Liquidity Reserve Amount**”) which is equal to either:

(a) on or after the Interest Payment Date falling in February 2014, £10,000,000, or

(b) on any Interest Payment Date upon which the Total Portfolio Balance as calculated on such date is less than 10% of the Total Portfolio Balance calculated as at the Closing date, £10,000,000, or

(c) on any other Interest Payment Date, zero.

Any amounts deposited to the Reserve Account in respect of the Required Liquidity Reserve Amount shall be credited to the Liquidity Reserve Ledger.

The Reserve Account will be an account maintained in the name of the Issuer with a Qualifying Institution. On the Closing Date, the Reserve Account will be funded (and the Reserve Ledger credited) in an amount equal to £34,000,000 utilising proceeds of the Expenses Loan.

Swap Agreements

On the Closing Date, the Issuer and the Swap Counterparty will enter into the following swap agreements:

- (1) a sterling-denominated basis swap agreement (the “**Sterling Basis Swap Agreement**”) pursuant to which, on monthly payment dates (including each Interest Payment Date), the Issuer will pay to the Swap Counterparty an amount referable to the basis component of any interest received in respect of the Sterling Portfolio Balance (as defined below) and on each Interest Payment Date the Issuer will receive a sterling amount (the “**Sterling Basis Swap Amount**”) from the Swap Counterparty referable to Sterling LIBOR multiplied by the Day Count Fraction in respect of the Sterling Portfolio Balance. The Sterling Basis Swap Amount will be deposited into the Sterling Interest Collections (Basis) Account;
- (2) a euro-denominated basis swap agreement (the “**Euro Basis Swap Agreement**”) pursuant to which, on monthly payment dates (including each Interest Payment Date), the Issuer will pay to the Swap Counterparty an amount referable to the basis component of any interest received in respect of the Euro Portfolio Balance (as defined below) and on each Interest Payment Date the Issuer will receive a euro amount (the “**Euro Basis Swap Amount**”) from the Swap Counterparty referable to EURIBOR multiplied by the Day Count Fraction in respect of the Euro Portfolio Balance. The Euro Basis Swap Amount will be deposited into the Euro Interest Collections (Basis) Account;
- (3) a US dollar-denominated basis swap agreement (the “**US dollar Basis Swap Agreement**” and, together with the Sterling Basis Swap Agreement and the Euro Basis Swap Agreement, the “**Basis Swap Agreements**”) pursuant to which, on monthly payment dates (including each Interest Payment Date), the Issuer will pay to the Swap Counterparty an amount referable to the basis component of any interest received in respect of the US dollar Portfolio Balance (as defined below) and on each Interest Payment Date the Issuer will receive a US dollar amount (the “**US dollar Basis Swap Amount**”) from the Swap Counterparty referable to US dollar LIBOR multiplied by the Day Count Fraction in respect of the US dollar Portfolio Balance. The US dollar Basis Swap Amount will be deposited into the US dollar Interest Collections (Basis) Account.

To the extent that the Issuer does not receive the relevant amount of scheduled Interest Collections (Basis) during the relevant Calculation Period in respect of the US dollar Portfolio Balance, the Euro Portfolio Balance or the Sterling Portfolio Balance, as applicable, the Issuer’s obligation to make payments under the relevant Basis Swap Agreement will be commensurately reduced. In such event, the Swap Counterparty’s payment to the Issuer under the relevant Basis Swap Agreement will be proportionately reduced.

- (4) a euro-denominated currency swap agreement (the “**Euro Asset Swap Agreement**”) pursuant to which:
 - (a) on each Interest Payment Date, the Issuer will pay to the Swap Counterparty a euro amount (the “**Euro Asset Swap Issuer Interest Payment**”) equal to:
 - (i) EURIBOR plus a specified margin;multiplied by
 - (ii) a euro amount (the “**Euro Asset Swap Notional**”) equal to the Euro Portfolio Balance calculated as at the Closing Date, less any Euro Asset Swap Principal Exchange Amounts for prior Interest Payment Dates, as defined below;and multiplied by
 - (iii) the Day Count Fraction;and the Issuer will receive from the Swap Counterparty a sterling amount (the “**Euro Asset Swap Interest Amount**”) equal to:
 - (i) Sterling LIBOR plus 0.35 per cent.;multiplied by
 - (ii) the sterling equivalent (calculated at the exchange rate under the Euro Asset Swap Agreement (which may include a Euro Asset Swap Agreement entered into after the Closing Date, as further described below)) of the Euro Asset Swap Notional;

multiplied by

(iii) the Day Count Fraction.

The Euro Asset Swap Interest Amount will be deposited into the Interest Composite Account;

(b) on each Interest Payment Date, the Issuer will pay to the Swap Counterparty a principal exchange amount (if any) (the “**Euro Asset Swap Principal Exchange Amount**”). The Euro Asset Swap Principal Exchange Amount for any Interest Payment Date shall be calculated on each Calculation Date, and advised to the Swap Counterparty, by the Cash Manager on behalf of the Issuer as follows:

(i) the Cash Manager shall calculate the amount (if any) by which the Euro Portfolio Balance calculated at the beginning of the Calculation Period to which that Calculation Date relates exceeds the Euro Portfolio Balance calculated as at the end of the Calculation Period to which that Calculation Date relates excluding any amount standing to the credit of the Euro Principal Collections Account (any such excess, the “**Euro Potential Swap Amount**”);

(ii) in the event of any calculated Euro Potential Swap Amount being greater than zero (and subject to subparagraph (iii) and (iv) immediately below), the Cash Manager shall (taking into account amounts which may be available (subject to the Priorities of Payments) on the relevant Interest Payment Date comprising euro Collections, amounts standing to the credit of the Reserve Account to the extent credited to the Liquidity Reserve Ledger, and/or amounts which may be available for drawing under the Sterling Central Liquidity Facility), determine in its discretion an amount which will form the Euro Asset Swap Principal Exchange Amount for that Interest Payment Date and such amount shall not exceed but may be less than the Euro Potential Swap Amount and could be zero;

(iii) the Cash Manager on behalf of the Issuer shall ensure that the Euro Asset Swap Principal Exchange Amount shall not result (at the end of the Interest Payment Date to which the Euro Asset Swap Principal Exchange Amount relates and taking into account the payments to be made pursuant to the Priorities of Payments) in an amount standing to the credit of the Euro Principal Collections Account which exceeds an amount equal to the Deposit Balance Threshold of the Euro Portfolio Balance;

(iv) on any date upon which the Notes are to be (or are scheduled to be) redeemed in full or on any date during an Amortisation Period, the Euro Asset Swap Principal Exchange Amount shall not be less than the Euro Potential Swap Amount;

and the Issuer shall receive from the Swap Counterparty a principal exchange amount in sterling calculated at the agreed swap rate under the Euro Asset Swap Agreement. The principal exchange amount received from the Swap Counterparty in respect of the Euro Asset Swap Principal Exchange Amount will be deposited to the Principal Composite Account;

(5) a US dollar-denominated currency swap agreement (the “**US dollar Asset Swap Agreement**”) pursuant to which:

(a) on each Interest Payment Date, the Issuer will pay to the Swap Counterparty a US dollar amount (the “**US dollar Asset Swap Issuer Interest Payment**”) equal to:

(i) US dollar LIBOR plus a specified margin;

multiplied by

(ii) US dollar amount (the “**US dollar Asset Swap Notional**”) equal to the US dollar Portfolio Balance calculated as at the Closing Date, less any US dollar Asset Swap Principal Exchange Amounts for prior Interest Payment Dates, as defined below;

and multiplied by

(iii) the Day Count Fraction

and the Issuer will receive from the Swap Counterparty a sterling amount (the “**US dollar Asset Swap Interest Amount**”) equal to:

(i) Sterling LIBOR plus 0.35 per cent.;

multiplied by

- (ii) the sterling equivalent (calculated at the exchange rate under the US dollar Asset Swap Agreement (which may include a US dollar Asset Swap Agreement entered into after the Closing Date, as further described below)) of the US dollar Asset Swap Notional;

multiplied by

- (iii) the Day Count Fraction.

The US dollar Asset Swap Interest Amount will be deposited into the Interest Composite Account;

- (b) on each Interest Payment Date, the Issuer will pay to the Swap Counterparty a principal exchange amount (if any) (the “**US dollar Asset Swap Principal Exchange Amount**”). The US dollar Asset Swap Principal Exchange Amount for any Interest Payment Date shall be calculated on each Calculation Date, and advised to the Swap Counterparty, by the Cash Manager on behalf of the Issuer as follows:

- (i) the Cash Manager shall calculate the amount (if any) by which the US dollar Portfolio Balance calculated at the beginning of the Calculation Period to which that Calculation Date relates exceeds the US dollar Portfolio Balance calculated as at the end of the Calculation Period to which that Calculation Date relates excluding any amount standing to the credit of the US dollar Principal Collections Account (any such excess, the “**US dollar Potential Swap Amount**”);

- (ii) in the event of any calculated US dollar Potential Swap Amount being greater than zero (and subject to subparagraph (iii) and (iv) immediately below), the Cash Manager shall (taking into account amounts which may be available (subject to the Priorities of Payments) on the relevant Interest Payment Date comprising US dollar Collections, amounts standing to the credit of the Reserve Account to the extent credited to the Liquidity Reserve Ledger, and/or amounts which may be available for drawing under the Sterling Central Liquidity Facility), determine in its discretion an amount which will form the US dollar Asset Swap Principal Exchange Amount for that Interest Payment Date and such amount shall not exceed but may be less than the US dollar Potential Swap Amount and could be zero;

- (iii) the Cash Manager on behalf of the Issuer shall ensure that the US dollar Asset Swap Principal Exchange Amount shall not result (at the end of the Interest Payment Date to which the US dollar Asset Swap Principal Exchange Amount relates and taking into account the payments to be made pursuant to the Priorities of Payments) in an amount standing to the credit of the US dollar Principal Collections Account which exceeds an amount equal to the Deposit Balance Threshold of the US dollar Portfolio Balance;

- (iv) on any date upon which the Notes are to be (or are scheduled to be) redeemed in full or on any date during an Amortisation Period, the US dollar Asset Swap Principal Exchange Amount shall not be less than the US dollar Potential Swap Amount;

and the Issuer shall receive from the Swap Counterparty a principal exchange amount calculated at the agreed swap rate under the US dollar Asset Swap Agreement. The principal exchange amount received from the Swap Counterparty in respect of the US dollar Asset Swap Principal Exchange Amount will be deposited to the Principal Composite Account.

The “**Deposit Balance Threshold**” means 20%.

In addition, following the Closing Date, the Issuer (or the Cash Manager on behalf of the Issuer) may enter into additional individual swap agreements in respect of Substitute Advances acquired on Interest Payment Dates where the Principal Collections utilised in respect of such acquisition are not in the same currency of the relevant Substitute Advance (and the process for any such acquisition is described further below in respect of Substitute Advances). Any such additional individual swap agreement will, thereafter, be an Asset Swap Agreement in the relevant currency and references to “**US dollar Asset Swap Agreement**” or “**Euro Asset Swap Agreement**” will thereafter include any such additional individual asset swap agreement (including in relation to the Asset Funding Priority of Payments as described below). To the extent of any such acquisition, the US dollar Basis Swap Agreement, Euro Basis Swap Agreement and/or Sterling Basis Swap Agreement, as applicable, will accrete as to notional value in respect of any

such acquired Substitute Advance (as the notional balance of each such Basis Swap Agreement is based upon the principal balance of relevant currency denominated Securitised Advances).

Under each of the Euro Asset Swap Agreement and the US dollar Asset Swap Agreement the Issuer will on the Closing Date make a payment in sterling in exchange for an initial payment from the Swap Counterparty in euros and US dollars, respectively (which the Issuer will utilise to fund its obligation to make payment to the Originator under the Asset Transfer Deed of the Issuer's Portfolio Interest (to the extent of Securitised Advances relating thereto denominated in euros and US dollars)).

On any date upon which the Notes are to be (or are scheduled to be) redeemed in full, a failure to make payment of the Euro Asset Swap Principal Exchange Amount or the US dollar Asset Swap Principal Exchange Amount, as applicable, would result in a default by the Issuer under the relevant Asset Swap Agreement and a termination right (at the Swap Counterparty's option) under such Asset Swap Agreement.

Upon any termination of a Swap Agreement, the Issuer may be required to pay a Termination Payment to the Swap Counterparty under the relevant Swap Agreement and any such Termination Payment not resulting from a Swap Counterparty Default would rank *pari passu* with the relevant class of Notes to which such Swap Agreement relates (or in the case of the Asset Swap Agreements, the A Notes).

In the event that any of the Asset Swap Agreements have been terminated without replacement, the Swap Counterparty under any such terminated Asset Swap Agreement would have no further obligations (the relevant agreement having terminated) and the relevant amount that would otherwise have been paid by the Issuer (or the Cash Manager on behalf of the Issuer) thereunder shall be exchanged by the Issuer (or the Cash Manager on behalf of the Issuer) on the relevant Interest Payment Date for amounts in the relevant currency (utilising, where required, forward exchange contracts entered into on the Calculation Date immediately preceding such Interest Payment Date by the Issuer or the Cash Manager on its behalf in order to enable calculation of the relevant amount to be received on the Interest Payment Date), and in any such event, all references to the "Sterling Basis Swap Amount", "Euro Basis Swap Amount", "US dollar Basis Swap Amount", "Euro Asset Swap Interest Amount", "US dollar Asset Swap Interest Amount" or any principal exchange amount for the "Euro Asset Swap Principal Exchange Amount" or "US dollar Asset Swap Principal Exchange Amount" shall refer to the amount so exchanged and not to any payment by the Swap Counterparty under any such terminated agreement.

To the extent that Interest Collections (Margin) denominated in euros in respect of the Calculation Period immediately preceding an Interest Payment Date exceed the Euro Asset Swap Issuer Interest Payment for that Interest Payment Date, any such excess ("**Euro Margin Excess**") shall be exchanged by the Issuer (or the Cash Manager on behalf of the Issuer) on the Interest Payment Date for an amount in sterling (the "**Euro Margin Excess Amount**") at the applicable euros to sterling exchange rate. In order to calculate, on the Calculation Date, the Euro Margin Excess Amount which will be available to the Issuer on the next following Interest Payment Date, the Issuer (or the Cash Manager on behalf of the Issuer) shall on such Calculation Date notionally calculate, utilising the Available Income Funds Priority of Payments, whether it will be necessary to utilise the Euro Margin Excess Amount in meeting any of the payments in items (1) through (28) of the Available Income Funds Priority of Payments. If any such amounts will not be so necessary based upon such notional calculations, then the Cash Manager on behalf of the Issuer will on the next following Interest Payment Date spot exchange the Euro Margin Excess into sterling for application as part of Available Income Funds; however, if any such amounts are necessary, the Cash Manager on behalf of the Issuer shall enter into a forward exchange contract in respect of the calculated amount of such Euro Margin Excess in order to receive on such Interest Payment Date the Euro Margin Excess Amount. The Euro Margin Excess Amount will be deposited to the Interest Composite Account.

To the extent that Interest Collections (Margin) denominated in US dollars in respect of the Calculation Period immediately preceding an Interest Payment Date exceed the US dollar Asset Swap Issuer Interest Payment for that Interest Payment Date, any such excess ("**US Margin Excess**") shall be exchanged by the Issuer (or the Cash Manager on behalf of the Issuer) on the Interest Payment Date for an amount (the "**US dollar Margin Excess Amount**") in sterling at the applicable US dollar to sterling exchange rate. In order to calculate, on the Calculation Date, the US dollar Margin Excess Amount which will be available to the Issuer on the next following Interest Payment Date, the Issuer (or the Cash Manager on behalf of the Issuer) shall on such Calculation Date notionally calculate, utilising the Available Income Funds Priority of Payments, whether it will be necessary to utilise the US dollar Margin Excess in meeting any of the payments in items (1) through (28) of the Available Income Funds Priority of Payments. If any such amounts will not be so necessary based upon such notional calculations, then the Cash manager on behalf

of the Issuer on the next following Interest Payment Date spot exchange the US dollar Margin Excess into sterling for application as part of Available Income Funds; however, if any such amounts are necessary, the Cash Manager on behalf of the Issuer shall enter into a forward exchange contract in respect of the calculated amount of such US dollar Margin Excess in order to receive on such Interest Payment Date the US dollar Margin Excess Amount. The US dollar Margin Excess Amount will be deposited to the Interest Composite Account.

Collectively, the Basis Swap Agreements, Euro Asset Swap Agreement and the US dollar Asset Swap Agreement are called (the “**Asset Swap Agreements**”).

In addition, on the Closing Date, the Issuer shall enter into four or more Option Exchange Agreements (and the entry cost of such Option Exchange Agreements shall be paid in full by the Issuer on the Closing Date). “**Option Exchange Agreements**” mean the option exchange agreements made between the Issuer and the Swap Counterparty dated the Closing Date (as the same may be amended and/or supplemented) and pursuant to which:

- (a) on each Interest Payment Date, the Issuer may exchange sterling for US dollars at an exchange rate of \$0.9 to £1 in respect of notional amounts up to an aggregate of £100,000,000 and with a four year maturity, to be settled in net cash in US dollars (such that no sterling amounts are required to be paid upon exercise by the Issuer);
- (b) on each Interest Payment Date, the Issuer may exchange sterling for US dollars at an exchange rate of \$1.35 to £1 in respect of notional amounts up to an aggregate of £100,000,000 and with a four year maturity, to be settled in net cash in US dollars (such that no sterling amounts are required to be paid upon exercise by the Issuer);
- (c) on each Interest Payment Date, the Issuer may exchange sterling for euro at an exchange rate of €0.75 to £1 in respect of notional amounts up to an aggregate of £100,000,000 and with a four year maturity, to be settled in net cash in euro (such that no sterling amounts are required to be paid upon exercise by the Issuer);
- (d) on each Interest Payment Date, the Issuer may exchange sterling for euro at an exchange rate of €1.1 to £1 in respect of notional amounts up to an aggregate of £100,000,000 and with a four year maturity, to be settled in net cash in euro (such that no sterling amounts are required to be paid upon exercise by the Issuer);

The “**Day Count Fraction**” in respect of any relevant period means:

- (a) in relation to amounts in sterling: the actual number of days in the relevant period divided by 365;
- (b) in relation to amounts in euros: the actual number of days in the relevant period divided by 360;
- (c) in relation to amounts in US dollars: the actual number of days in the relevant period divided by 360.

Portfolio Balances

On any date of calculation, the “**Euro Portfolio Balance**” means an amount equal to the then principal balance of all euro-denominated Securitised Advances which are not Defaulted Advances plus any amounts standing to the credit of the Euro Principal Collections Account on such date. On any date of calculation, the “**US dollar Portfolio Balance**” means an amount equal to the then principal balance of all US dollar-denominated Securitised Advances which are not Defaulted Advances plus any amounts standing to the credit of the US dollar Principal Collections Account on such date. On any date of calculation, the “**Sterling Portfolio Balance**” means an amount equal to the then principal balance of all sterling-denominated Securitised Advances which are not Defaulted Advances plus any amounts standing to the credit of the Sterling Principal Collections Account on such date. Collectively, the Euro Portfolio Balance, US dollar Portfolio Balance and Sterling Portfolio Balance are referred to as the “**Portfolio Balances**” and the aggregate amount of the Euro Portfolio Balance, US dollar Portfolio Balance and Sterling Portfolio Balance is referred to as the “**Total Portfolio Balance**”. When the Total Portfolio Balance is required to be expressed or calculated in one currency (the “**base currency**”), those components comprising the Total Portfolio Balance which are not expressed in the base currency will be converted for the purposes of any such expression or calculation using the exchange rate under the Asset Swap Agreements. On the Closing Date, the Euro Portfolio Balance will be equal to the euro equivalent of £500,000,000 (calculated utilising the Closing Date exchange rate under the Euro Asset Swap Agreement), the US dollar Portfolio Balance will be equal to the US dollar equivalent of £500,000,000 (calculated utilising the Closing Date exchange rate under US dollar Asset Swap Agreement) and the Sterling Portfolio Balance will be equal to £1 billion.

Asset Funding Priorities of Payments

The “**US dollar Asset Funding Priority of Payments**” refers to the application of US dollar Collections on each Interest Payment Date based on the calculations made on the related Calculation Date (and the Order of Calculations) in the following order of priority:

- (1) the amount payable by the Issuer on the relevant Interest Payment Date pursuant to the US dollar Basis Swap Agreement (other than any Termination Payment thereunder);
- (2) the amount payable by the Issuer on the relevant Interest Payment Date pursuant to the US dollar Liquidity Facility in respect of interest and commitment fees thereunder;
- (3) the amount payable (excluding any US dollar Asset Swap Principal Exchange Amount or any Termination Payment) by the Issuer on the relevant Interest Payment Date pursuant to the US dollar Asset Swap Agreement;
- (4) the amount payable by the Issuer on the relevant Interest Payment Date to make any repayment of principal under the US dollar Liquidity Facility to the extent that then principal balance of outstanding drawings under the US dollar Liquidity Facility exceeds the US dollar Anticipated Recovery Amount on the relevant date of calculation;
- (5) the US dollar Asset Swap Principal Exchange Amount under the US dollar Asset Swap Agreement for the relevant Interest Payment Date;
- (6) any amounts remaining after payment of items (1) through (5) immediately above (other than the amount by which the Cash Manager has determined the US dollar Asset Swap Principal Exchange Amount will be less than the US dollar Potential Swap Principal Amount (which amount will be deposited in the US dollar Principal Collections Account)) will form part of the US dollar Margin Excess Amount.

The “**Euro Asset Funding Priority of Payments**” refers to the application of euro Collections on each Interest Payment Date based on the calculations made on the related Calculation Date (and the Order of Calculations) in the following order of priority:

- (1) the amount payable by the Issuer on the relevant Interest Payment Date pursuant to the Euro Basis Swap Agreement (other than any Termination Payment thereunder);
- (2) the amount payable by the Issuer on the relevant Interest Payment Date pursuant to the Euro Liquidity Facility in respect of interest and commitment fees thereunder;
- (3) the amount payable (excluding any Euro Asset Swap Principal Exchange Amount or any Termination Payment) by the Issuer on the relevant Interest Payment Date pursuant to the Euro Asset Swap Agreement;
- (4) the amount payable by the Issuer on the relevant Interest Payment Date to make any repayment of principal under the Euro Liquidity Facility to the extent that then principal balance of outstanding drawings under the Euro Liquidity Facility exceeds the Euro Anticipated Recovery Amount on the relevant date of calculation;
- (5) the Euro Asset Swap Principal Exchange Amount under the Euro Asset Swap Agreement for the relevant Interest Payment Date;
- (6) any amounts remaining after payment of items (1) through (5) immediately above (other than the amount by which the Cash Manager has determined the Euro Asset Swap Principal Exchange Amount will be less than the Euro Potential Swap Principal Amount (which amount will be deposited in the Euro Principal Collections Account)) will form part of the Euro Margin Excess Amount.

The “**Sterling Asset Funding Priority of Payments**” refers to the application of sterling Collections on each Interest Payment Date based on the calculations made on the related Calculation Date (and the Order of Calculations) in the following order of priority:

- (1) the amount payable by the Issuer on the relevant Interest Payment Date pursuant to the Sterling Basis Swap Agreement (other than any Termination Payment thereunder);
- (2) during a Substitution Period, any sterling-denominated Substitute Advance Issuer Purchase Price Amounts payable on such date;
- (3) any amounts remaining after payment of items (1) and (2) immediately above shall, to the extent such amounts are Interest Collections, form a part of the Available Income Funds for the relevant Interest Payment Date and, to the extent such amounts are Principal Collections, form a part of the Available Principal Funds for the relevant Interest Payment Date.

Where the Swap Counterparty provides collateral in accordance with the terms of a Swap Agreement, such collateral will, upon receipt by the Issuer, be credited to the Collateral Account of the Issuer opened for such purpose. Any collateral or interest or distributions relating thereto shall not form part of the funds available to the Issuer other than collateral amounts applied in satisfaction of Termination Payments due to the Issuer following the designation of an early termination date under the relevant Swap Agreement.

“**Termination Payment**” means a termination payment calculated in accordance with the relevant Swap Agreement pursuant to the terms thereof.

Any premium or other amount received by the Issuer from a replacement swap counterparty providing a replacement asset swap transaction or asset swap transactions, as the case may be, will be paid directly by the Issuer to the Swap Counterparty and not in accordance with the Asset Funding Priority of Payments. Similarly, the cash benefit of any tax credit, allowance, set-off or repayment obtained by the Issuer as a result of the payment by the Swap Counterparty of a tax gross up amount pursuant to an Asset Swap Agreement will be paid directly by the Issuer to the Swap Counterparty in accordance with that Asset Swap Agreement and not in accordance with the Asset Funding Priority of Payments.

Anticipated Recovery Amounts

On each Calculation Date, in respect of any then Delinquent Advances and the Calculation Period ending on that Calculation Date, the Cash Manager shall calculate an amount equal to: (1) in respect of euro-denominated Delinquent Advances, 50% of the principal balance of Delinquent Advances (such amount, the “**Euro Anticipated Recovery Amount**”) on such Calculation Period.; (2) in respect of US dollar-denominated Delinquent Advances, 50% of the principal balance of such Delinquent Advances (such amount, the “**US dollar Anticipated Recovery Amount**”) on such Calculation Period.

Funding Swap Agreements

On the Closing Date, the Issuer and the Swap Counterparty will enter into the following swap agreements relating to the Note funding:

- (1) a swap agreement relating to the A2 Notes pursuant to which the Issuer will make an initial exchange of euros for sterling and, following the Closing Date on each Interest Payment Date, will pay to the Swap Counterparty amounts in sterling in exchange for amounts in euro required to make payments in respect of the A2 Notes (the “**A2 Funding Swap Agreement**”);
- (2) a swap agreement relating to the A3 Notes pursuant to which the Issuer will make an initial exchange of US dollars for sterling and, following the Closing Date on each Interest Payment Date, will pay to the Swap Counterparty amounts in sterling in exchange for amounts in US dollars required to make payments in respect of the A3 Notes (the “**A3 Funding Swap Agreement**”);
- (3) a swap agreement relating to the B2 Notes pursuant to which the Issuer will make an initial exchange of euros for sterling and, following the Closing Date on each Interest Payment Date, will pay to the Swap Counterparty amounts in sterling in exchange for amounts in euro required to make payments in respect of the B2 Notes (the “**B2 Funding Swap Agreement**”);
- (4) a swap agreement relating to the B3 Notes pursuant to which the Issuer will make an initial exchange of US dollars for sterling and, following the Closing Date on each Interest Payment Date, will pay to the Swap Counterparty amounts in sterling in exchange for amounts in US dollars required to make payments in respect of the B3 Notes (the “**B3 Funding Swap Agreement**”);
- (5) a swap agreement relating to the C2 Notes pursuant to which the Issuer will make an initial exchange of euros for sterling and, following the Closing Date on each Interest Payment Date, will pay to the Swap Counterparty amounts in sterling in exchange for amounts in euro required to make payments in respect of the C2 Notes (the “**C2 Funding Swap Agreement**”);
- (6) a swap agreement relating to the D2 Notes pursuant to which the Issuer will make an initial exchange of euros for sterling and, following the Closing Date on each Interest Payment Date, will pay to the Swap Counterparty amounts in sterling in exchange for amounts in euro required to make payments in respect of the D2 Notes (the “**D2 Funding Swap Agreement**”);
- (7) a swap agreement relating to the E2 Notes pursuant to which the Issuer will make an initial exchange of euros for sterling and, following the Closing Date on each Interest Payment Date, will pay to the Swap Counterparty amounts in sterling in exchange for amounts in euro required to make payments in respect of the E2 Notes (the “**E2 Funding Swap Agreement**”); and

- (8) a swap agreement relating to the E3 Notes pursuant to which the Issuer will make an initial exchange of US dollars for sterling and, following the Closing Date on each Interest Payment Date, will pay to the Swap Counterparty amounts in sterling in exchange for amounts in US dollars required to make payments in respect of the E3 Notes (the “**E3 Funding Swap Agreement**”).

Collectively, the A2 Funding Swap Agreement, A3 Funding Swap Agreement, B2 Funding Swap Agreement, B3 Funding Swap Agreement, C2 Funding Swap Agreement, D2 Funding Swap Agreement, E2 Funding Swap Agreement and E3 Funding Swap Agreement are called the “**Funding Swap Agreements**”. Together, the Asset Swap Agreements, the Funding Swap Agreements and the Option Exchange Agreements are called the “**Swap Agreements**.”

Termination of Swap Agreements and Downgrade Provisions in respect of Swap Counterparty under Swap Agreements

Each of the Swap Agreements may be terminated by the Swap Counterparty in certain specified circumstances, including in respect of Failure to Pay by the Issuer, Illegality (as such terms are defined under each of the Swap Agreements), delivery of an Enforcement Notice in respect of the relevant Notes, redemption of the Notes in full, and certain insolvency events in respect of the Issuer. Each of the Swap Agreements may be terminated by the Issuer in certain specified circumstances including Failure to Pay or Breach of Agreement (as such terms are defined in the Swap Agreements) by the Swap Counterparty. Any such termination could result in a Termination Payment being payable from one party to the other.

Each of the Swap Agreements will provide that if the short-term unsecured debt rating of the Swap Counterparty is withdrawn or reduced below “A-1+” by Standard & Poor’s and, as a result, the then current rating of the relevant Notes is downgraded or placed under review for possible downgrade by Standard & Poor’s, or if the long-term unsecured debt rating of the Swap Counterparty is withdrawn or reduced below “A1” or the short-term unsecured debt rating of the Swap Counterparty is withdrawn or reduced below “P1”, in both cases by Moody’s, then within thirty days following that event, the Swap Counterparty will be required to take one of the following steps:

- (a) if such action is by Moody’s:
- (i) transfer its rights and obligations under the relevant Swap Agreement to a Suitably Rated replacement swap counterparty or a replacement swap counterparty agreed with Moody’s; “**Suitably Rated**” means a long-term unsecured debt rating of at least A1 and a short-term unsecured debt rating of at least “P1”, in both cases by Moody’s;
 - (ii) obtain a Suitably Rated co-obligor or guarantor or co-obligor or guarantor agreed with Moody’s in respect of the obligations of the Swap Counterparty under the relevant Swap Agreement; or
 - (iii) take such other actions as may be agreed with Moody’s; or
 - (iv) lodge collateral in an amount determined pursuant to the relevant credit support annex in support of its obligations under the relevant Swap Agreement;

provided further that if such Moody’s downgrade results in a rating of the Swap Counterparty below A3 or P2, the Swap Counterparty will on a reasonable efforts basis attempt to: within thirty days of the occurrence of such event (a) transfer its rights and obligations to a Suitably Rated replacement swap counterparty or such other replacement swap counterparty as may be agreed with Moody’s; (b) find a Suitably Rated co-obligor or guarantor, or (c) take such other action as may be agreed with Moody’s; pending compliance with (a), (b) or (c), the Swap Counterparty will, within the latest of thirty days of the event described above or 10 days of the event described in this paragraph, post collateral in an amount determined pursuant to the relevant credit support annex.

- (b) if such action is by Standard & Poor’s:
- (i) transfer its rights and obligations under the relevant Swap Agreement to a replacement swap counterparty whose becoming a replacement swap counterparty would maintain or restore the rating of the relevant Notes; or
 - (ii) obtain a guarantee or procure a co-obligor of the obligations of the Swap Counterparty under the relevant Swap Agreement which would maintain the rating of the relevant Notes; or
 - (iii) lodge collateral in an amount determined pursuant to the relevant credit support annex in support of its obligations under the relevant Swap Agreement;
 - (iv) find any other solution acceptable to Standard & Poor’s to maintain the then current rating of the relevant Notes;

provided further that if such Standard & Poor's downgrade results in a rating of the Swap Counterparty below BBB- and, as a result of such downgrade, the then current rating of the Notes may in the reasonable opinion of Standard & Poor's be downgraded or placed under review for possible downgrade, then the Swap Counterparty will, within ten days of the occurrence of such event, at its own cost use its best efforts to either: (i) transfer all of its rights and obligations with respect to the relevant Swap Agreement to a replacement third party satisfactory to the Issuer (whose consent will be given if Standard & Poor's confirms that such transfer would maintain the rating of the relevant Notes by Standard & Poor's at, or restore the rating of the relevant Notes by Standard & Poor's to, the level it would have been at immediately prior to such event); or (ii) take such other action as the Swap Counterparty may agree with Standard & Poor's as will result in the rating of the relevant Notes following the taking of such action being maintained at, or restored to, the level it would have been at immediately prior to such event; or (iii) obtain a guarantee or procure a co-obligor of its rights and obligations with respect to the relevant Swap Agreement from a third party satisfactory to the Issuer (whose consent will be given if Standard & Poor's confirms that such guarantee or co-obligor would maintain the rating of the relevant Notes at, or restore the rating of the relevant Notes to, the level it would have been at immediately prior to such event). If the Swap Counterparty is already posting collateral upon the occurrence of such an event, it will continue to post collateral pending compliance with the foregoing.

Where the Swap Counterparty provides collateral in accordance with the terms of an Asset Swap Agreement, such collateral will, upon receipt by the Issuer, be credited to an account of the Issuer opened for such purpose. Any collateral or interest or distributions relating thereto shall not form part of the funds available to the Issuer other than collateral amounts applied in satisfaction of Termination Payments due to the Issuer following the designation of an early termination date under the relevant Asset Swap Agreement.

In the event that the Issuer were to designate an early termination date under a Swap Agreement and there would be a Termination Payment due to the Swap Counterparty, the Issuer may only designate such an early termination date on account of a ratings downgrade of the Swap Counterparty if the Issuer has found a replacement counterparty willing to enter into a new transaction on terms that reflect as closely as reasonably possible the economic, legal and credit terms of the terminated transaction or transactions with the Swap Counterparty.

Any premium or other amount received by the Issuer from a replacement swap counterparty providing a replacement asset swap transaction or asset swap transactions, as the case may be, will be paid directly by the Issuer to the Swap Counterparty and not in accordance with the Asset Funding Priority of Payments. Similarly, the cash benefit of any tax credit, allowance, set-off or repayment obtained by the Issuer as a result of the payment by the Swap Counterparty of a tax gross up amount pursuant to an Asset Swap Agreement will be paid directly by the Issuer to the Swap Counterparty in accordance with that Asset Swap Agreement and not in accordance with the Asset Funding Priority of Payments.

Liquidity Facilities

On the Closing Date, the Issuer will enter into the following liquidity facility agreements (the "**Liquidity Facility Agreements**") with the Liquidity Facility Provider:

- (1) a euro-denominated liquidity facility agreement in respect of euro-denominated payments to be made by the Issuer under the Euro Asset Swap Agreement (the "**Euro Liquidity Facility**"). The maximum amount (the "**Euro Liquidity Facility Borrowing Base**") available for drawing under the Euro Liquidity Facility will be limited to the least of:
 - (a) 5% of the then Euro Portfolio Balance, or, if the then Total Portfolio Balance is less than 10% of the Total Portfolio Balance calculated as at the Closing Date, zero, or
 - (b) 50% of the euro equivalent of the Total Portfolio Balance, less the principal balances of any euro-denominated Securitised Advances which are then Delinquent Advances, and less the aggregate of any then outstanding drawings under any Liquidity Facility other than the Euro Liquidity Facility (and calculated, in respect of any non-euro amounts, utilising the exchange rate under the Asset Swap Agreements); or
 - (c) the euro equivalent of £10,000,000 calculated at the Closing Date exchange rate under the Euro Asset Swap Agreement

or such other amount which may be agreed by the Issuer, the Liquidity Facility Provider and the Trustee and where the Rating Agency Condition is met in respect of any such amended amount. Drawings under

the Euro Liquidity Facility will be limited to an amount (the “**Euro Maximum Available Amount**”) equal to the lesser of: (i) the Euro Liquidity Facility Borrowing Base less any outstanding drawings under the Euro Liquidity Facility; and (ii) the Euro Anticipated Recovery Amount as calculated on any date of drawing;

- (2) a US dollar-denominated liquidity facility agreement in respect of US dollar-denominated payments to be made by the Issuer under the US dollar Asset Swap Agreement (the “**US dollar Liquidity Facility**”); the maximum amount (the “**US dollar Liquidity Facility Borrowing Base**”) available for drawing under the US dollar Liquidity Facility will be limited to the least of:
 - (a) 5% of the then US dollar Portfolio Balance, or, if the then Total Portfolio Balance is less than 10% of the Total Portfolio Balance calculated as at the Closing Date, zero, or
 - (b) 50% of the US dollar equivalent of the Total Portfolio Balance, less the principal balance of any US dollar-denominated Securitised Advances which are then Delinquent Advances, and less the aggregate of any then outstanding drawings under any Liquidity Facility other than the US dollar Liquidity Facility (and calculated, in respect of any non-US dollar amounts, utilising the exchange rate under the Asset Swap Agreements); or
 - (c) the US dollar equivalent of £10,000,000 calculated at the Closing Date exchange rate under the US dollar Asset Swap Agreement

or such other amount which may be agreed by the Issuer, the Liquidity Facility Provider and the Trustee and where the Rating Agency Condition is met in respect of any such amended amount. Drawings under the US dollar Liquidity Facility will be limited to an amount (the “**US dollar Maximum Available Amount**”) equal to the lesser of: (i) the US dollar Liquidity Facility Borrowing Base less any outstanding drawings under the US dollar Liquidity Facility; and (ii) the US dollar Anticipated Recovery Amount as calculated on any date of drawing;

- (3) a sterling-denominated liquidity facility agreement in respect of sterling payment amounts required to be made by the Issuer (the “**Sterling Central Liquidity Facility**”). On any date of calculation, the maximum amount available for drawing (the “**Sterling Liquidity Facility Borrowing Base**”) under the Sterling Central Liquidity Facility will be an amount equal to the least of:
 - (a) 5% of the Sterling Portfolio Balance on such date of calculation; plus 5% of the sterling equivalent of the Euro Portfolio Balance on such date of calculation (calculated using the exchange rate under the Euro Asset Swap Agreement); plus 5% of the sterling equivalent of the US dollar Portfolio Balance on such date of calculation (calculated using the exchange rate under the US dollar Asset Swap Agreement); or
 - (b) 50% of the Total Portfolio Balance, less the principal balance of all sterling Securitised Advances which are then Delinquent Advances, and less the aggregate of any then outstanding drawings under any Liquidity Facility other than the Sterling Central Liquidity Facility (and calculated, in respect of any non-sterling amounts, utilising the exchange rate under the Asset Swap Agreements); or
 - (c) £20,000,000

less the maximum of any amount which is then, or has previously been, standing to the credit of the Liquidity Reserve Ledger, or such other amount which may be agreed by the Issuer, the Liquidity Facility Provider and the Trustee and where the Rating Agency Condition is met in respect of any such amended amount.

Drawings under the Sterling Central Liquidity Facility will be limited to an amount (the “**Sterling Maximum Available Amount**”) equal to the Sterling Liquidity Facility Borrowing Base less the principal amount of any then outstanding drawings (other than standby drawings) under the Sterling Central Liquidity Facility.

Collectively, the Euro Liquidity Facility, the US dollar Liquidity Facility and the Sterling Central Liquidity Facility are referred to as the “**Liquidity Facilities**”.

Fulfilment of the “**Rating Agency Condition**” means that the Rating Agencies have confirmed in writing (or such other form as may be acceptable to the Trustee) that the relevant change, amendment or supplement will not result in a downgrade of the then credit rating of the Notes.

Liquidity Drawings

On each Calculation Date, the Cash Manager will calculate the following amounts:

- (1) the shortfall (if any) in respect of the next following Interest Payment Date in respect of the amounts required to be paid under the US dollar Asset Funding Priority of Payments items (1), (2) and (3) (taking into account any amounts to be received by the Issuer on such Interest Payment Date pursuant to the US dollar Basis Swap Agreement) on such Interest Payment Date (any such calculated shortfall, the “**US dollar Shortfall Amount**”);
- (2) the shortfall (if any) in respect of the next following Interest Payment Date in respect of the amounts required to be paid under items (1) through (5) of the US dollar Asset Funding Priority of Payments (taking into account any amounts to be received by the Issuer on such Interest Payment Date pursuant to the US dollar Basis Swap Agreement and any amounts available to the Issuer pursuant to the US dollar Liquidity Facility) on such Interest Date (any such calculated shortfall, the “**US dollar Additional Shortfall Amount**”);
- (3) the shortfall (if any) in respect of the next following Interest Payment Date in respect of the amounts required to be paid under the Euro Asset Funding Priority of Payments items (1), (2) and (3) (taking into account any amounts to be received by the Issuer on such Interest Payment Date pursuant to the Euro Basis Swap Agreement) on such Interest Payment Date (any such calculated shortfall, the “**Euro Shortfall Amount**”); and
- (4) the shortfall (if any) in respect of the next following Interest Payment Date in respect of the amounts required to be paid under items (1) through (5) of the Euro Asset Funding Priority of Payments (taking into account any amounts to be received by the Issuer on such Interest Payment Date pursuant to the Euro Basis Swap Agreement and any amounts available to the Issuer pursuant to the Euro Liquidity Facility) on such Interest Payment Date (any such calculated shortfall, the “**Euro Additional Shortfall Amount**”).

On each Calculation Date upon which the Cash Manager calculates a US dollar Shortfall Amount or Euro Shortfall Amount, the Cash Manager shall arrange on behalf of the Issuer a notice of drawing under each of the US dollar Liquidity Facility and the Euro Liquidity Facility, respectively, for a drawing on the next following Interest Payment Date in respect of the relevant amount (and subject to the US dollar Maximum Available Amount and Euro Maximum Available Amount under each such Liquidity Facility, as applicable, thereunder).

On each Calculation Date upon which the Cash Manager calculates a US dollar Additional Shortfall Amount, the Cash Manager shall arrange on behalf of the Issuer a notice of drawing under the Sterling Central Liquidity Facility and/or a withdrawal from the Reserve Account to the extent credited to the Liquidity Reserve Ledger (utilising first any funds standing to the credit of the Liquidity Reserve Ledger rather than a drawing under such Liquidity Facility) for the next following Interest Payment Date in respect of the relevant amount (where such drawing and/or withdrawal will be of a sterling amount which, when swapped into US dollars on such Interest Payment Date, will be equal to the US dollar Additional Shortfall Amount (and subject to the Sterling Maximum Available Amount)). In order to facilitate the drawing of such amount on the Interest Payment Date, the Cash Manager on behalf of the Issuer will enter on such Calculation Date into a forward exchange contract for sterling to US dollars in respect of the relevant amount or utilise the relevant Option Exchange Agreement, as appropriate.

On each Calculation Date upon which the Cash Manager calculates a Euro Additional Shortfall Amount, the Cash Manager shall arrange on behalf of the Issuer a notice of drawing under the Sterling Central Liquidity Facility and/or a withdrawal from the Reserve Account to the extent credited to the Liquidity Reserve Ledger (utilising first any funds standing to the credit of the Liquidity Reserve Ledger rather than a drawing under such Liquidity Facility) for the next following Interest Payment Date in respect of the relevant amount (where such drawing and/or withdrawal will be of a sterling amount which, when swapped into euros on such Interest Payment Date, will be equal to the Euro Additional Shortfall Amount (and subject to the Sterling Maximum Available Amount)). In order to facilitate the drawing of such amount on the Interest Payment Date, the Cash Manager on behalf of the Issuer will enter on such Calculation Date into a forward exchange contract for sterling to euros in respect of the relevant amount or utilise the relevant Option Exchange Agreement, as appropriate.

On any Calculation Date upon which the Cash Manager calculated a Euro Additional Shortfall Amount and a US dollar Additional Shortfall Amount, and where such amounts exceed the Sterling Maximum Available Amount plus the amount available from the Reserve Account to the extent credited to the

Liquidity Reserve Ledger for the next following Interest Payment Date, drawings under the Sterling Central Liquidity Facility (which at all times will be limited to the Sterling Maximum Available Amount) and/or withdrawals from the Reserve Account to the extent credited to the Liquidity Reserve Ledger (utilising first any funds standing to the credit of the Liquidity Reserve Ledger rather than a drawing under such Liquidity Facility) in respect thereof as outlined above will be applied pro rata to such Euro Additional Shortfall Amount and US dollar Additional Shortfall Amount (utilising the sterling equivalent thereof as calculated pursuant to the forward exchange contracts entered into in respect of that Calculation Date) to the extent of the available amounts for drawing under the Sterling Central Liquidity Facility and/or amounts available from the Reserve Account to the extent credited to the Liquidity Reserve Ledger (utilising first any funds standing to the credit of the Liquidity Reserve Ledger rather than a drawing under such Liquidity Facility).

Any US dollar drawings under the Liquidity Facilities and/or withdrawals from the Reserve Account to the extent credited to the Liquidity Reserve Ledger (including those in respect of the Sterling Central Liquidity Facility and/or withdrawals from the Reserve Account to the extent such amounts are standing to the credit of the Liquidity Reserve Ledger to be exchanged for US dollars on the relevant Interest Payment Date) are called the “**US dollar Liquidity Drawing Amount**”. Any euro drawings under the Liquidity Facilities and/or withdrawals from the Reserve Account to the extent such amounts are standing to the credit of the Liquidity Reserve Ledger (including those in respect of the Sterling Central Liquidity Facility and/or withdrawals from the Reserve Account to the extent such amounts are standing to the credit of the Liquidity Reserve Ledger to be exchanged for euros on the relevant Interest Payment Date) are called the “**Euro Liquidity Drawing Amount**”. Any sterling drawings under the Liquidity Facilities (but not including those comprising US dollar Liquidity Drawing Amounts or Euro Liquidity Drawing Amounts and/or withdrawals from the Reserve Account to the extent such amounts are standing to the credit of the Liquidity Reserve Ledger) are called the “**Sterling Central Liquidity Drawing Amount**”. Collectively, the US dollar Liquidity Drawing Amount, the Euro Liquidity Drawing Amount and the Sterling Central Liquidity Drawing Amount are called the “**Liquidity Drawing Amounts**”.

If the Liquidity Facility Provider ceases to have and continues not to have the Required Rating, unless a guarantee or other satisfactory arrangement meeting the approval of the Issuer and the Trustee has been put into place, the relevant Liquidity Facility shall be fully drawn by the Issuer (or the Cash Manager on its behalf) to the extent of the then Sterling Liquidity Facility Borrowing Base, US dollar Liquidity Facility Borrowing Base and/or Euro Liquidity Facility Borrowing Base, as applicable. The proceeds of such drawing will be lodged in an account (the “**Liquidity Standby Account**”) for use in accordance with the relevant Liquidity Facility. “**Required Rating**” means a short-term unsecured debt rating of “A-1+” by Standard & Poor’s and “P-1” by Moody’s.

Acquisition of Substitute Advances during a Substitution Period

Subject to the Calculation Date arrangements described further below, on each day upon which banks in London are open to settle transactions in US dollars and which is a day other than a Calculation Date during the Substitution Period, in respect of any US dollar Principal Collections received by or available to the Issuer, the Cash Manager (on behalf of the Issuer) may utilise any such US dollar Principal Collections to pay the whole of any Substitute Advance Issuer Purchase Price Amount in respect of any US dollar Substitute Advance then payable on such day. Any US dollar Principal Collections not so utilised shall remain on deposit in the US dollar Principal Collections Account.

Similarly, and subject to the Calculation Date arrangements described further below, on each day upon which banks in London are open to settle transactions in euros and which is a day other than a Calculation Date during a Substitution Period, in respect of any euro Principal Collections received by the Issuer, the Cash Manager (on behalf of the Issuer) may utilise any such euro Principal Collections to pay the whole of any Substitute Advance Issuer Purchase Price Amount in respect of any euro Substitute Advance then payable on such day. Any euro Principal Collections not so utilised shall remain on deposit in the Euro Principal Collections Account.

Similarly, and subject to the Calculation Date arrangements described further below, on each day upon which banks in London are open to settle transaction in sterling and which is a day other than a Calculation Date during a Substitution Period, in respect of any sterling Principal Collections received by the Issuer, the Cash Manager (on behalf of the Issuer) may utilise any such sterling Principal Collections to pay the whole of any Substitute Advance Issuer Purchase Price Amount in respect of any sterling Substitute Advance then payable on such day. Any sterling Principal Collections not so utilised shall remain on deposit in the Sterling Principal Collections Account.

On each Calculation Date, to the extent that there are US dollar Principal Collections, euro Principal Collections or sterling Principal Collections available to the Issuer on such date, the Cash Manager (on behalf of the Issuer) may arrange for the following transactions:

- (1) after notionally calculating all payments required to be made on the next-following Interest Payment Date pursuant to the Asset Funding Priorities of Payments and the Available Principal Funds Priority of Payments, to the extent that there would be any Principal Collections remaining (any such remaining amount, the “**Currency Available Principal Amount**”);
- (2) in anticipation of the potential acquisition on the next following Interest Payment Date of Substitute Advances denominated in currencies other than the currency of the Currency Available Principal Amount or of depositing other currency funds into the appropriately denominated Principal Collections Account (any such other currency amount, a “**Currency Exchange Amount**”), the Cash Manager may arrange for a new individual Asset Swap Agreement in respect of any such anticipated Currency Exchange Amount based upon the relevant Currency Available Principal Amount to be applied in respect of acquisition thereof on the next following Interest Payment Date; the Cash Manager (on behalf of the Issuer) will reserve the relevant Currency Available Principal Amount in respect thereof and will retain such amount in the Principal Collections Account of the Issuer denominated in the appropriate currency (or currencies, as applicable) pending utilisation thereof on the next following Interest Payment Date;
- (3) on the next following Interest Payment Date, in respect of any Currency Exchange Amount, the Cash Manager shall enter into the above-noted new individual Asset Swap Agreement and will receive on the next following Interest Payment Date the relevant currency swapped amount thereunder and may, but shall not be obliged to, acquire an available Substitute Advance on such Interest Payment Date, denominated in the relevant currency;
- (4) to the extent any Currency Available Principal Amount is not utilised on any Interest Payment Date for acquisition of an available Substitute Advance denominated in the relevant currency, such amount shall be utilised on the Interest Payment Date as Available Principal Funds in the normal way and applied in respect of the Available Principal Funds Priority of Payments.

Available Principal Funds

On each Calculation Date, and subject to the Order of Calculations (as defined below), the Cash Manager shall calculate the “**Available Principal Funds**” which will be available to the Issuer on the next following Interest Payment Date and being an amount equal to the aggregate of the following:

- (1) the sterling amount to be received by the Issuer in exchange for the US dollar Asset Swap Principal Exchange Amount for the Interest Payment Date immediately following such Calculation Date;
- (2) the sterling amount to be received by the Issuer in exchange for the Euro Asset Swap Principal Exchange Amount for the Interest Payment Date immediately following such Calculation Date;
- (3) sterling Principal Collections to be available to the Issuer on the next following Interest Payment Date;
- (4) on any date upon which there are no Securitised Advances then remaining in the Securitised Portfolio, or the Notes are to be (or are scheduled to be, for the avoidance of doubt taking into account any use of the funds credited to the Liquidity Reserve Ledger) redeemed in full, amounts standing to the credit of the Reserve Account to the extent standing to the credit of the Liquidity Reserve Ledger;
- (5) all amounts of Available Income Funds to be utilised on the Interest Payment Date immediately following such Calculation Date as Re-allocated Available Income Funds in accordance with the Available Income Funds Priority of Payments in respect of reducing any credit balance on any Principal Deficiency Ledger.

Principal Deficiency Ledgers

The Cash Manager will maintain senior and junior principal deficiency sub-ledgers in respect of each Class of Notes (the “**A Principal Deficiency Ledger**”, the “**B Junior Principal Deficiency Sub-Ledger**”, the “**B Senior Principal Deficiency Sub-Ledger**”, the “**C Junior Principal Deficiency Sub-Ledger**”, the “**C Senior Principal Deficiency Sub-Ledger**”, the “**D Junior Principal Deficiency Sub-Ledger**”, the “**D Senior Principal Deficiency Sub-Ledger**”, the “**E Junior Principal Deficiency Sub-Ledger**”, the “**E Senior Principal Deficiency Sub-Ledger**”, the “**F Principal Deficiency Ledger**”, collectively, the “**Principal Deficiency Sub-Ledgers**”). Together the B Junior Principal Deficiency Sub-Ledger and the B Senior

Principal Deficiency Sub-Ledger form the “**B Principal Deficiency Ledger**”. Together the C Junior Principal Deficiency Sub-Ledger and the C Senior Principal Deficiency Sub-Ledger form the “**C Principal Deficiency Ledger**”. Together the D Junior Principal Deficiency Sub-Ledger and the D Senior Principal Deficiency Sub-Ledger form the “**D Principal Deficiency Ledger**”. Together the E Junior Principal Deficiency Sub-Ledger and the E Senior Principal Deficiency Sub-Ledger form the “**E Principal Deficiency Ledger**”. Collectively, the A Principal Deficiency Ledger, the B Principal Deficiency Ledger, the C Principal Deficiency Ledger, the D Principal Deficiency Ledger, the E Principal Deficiency Ledger and the F Principal Deficiency Ledger are called the “**Principal Deficiency Ledgers**”.

The maximum amount which may be credited to any Principal Deficiency Ledger in respect of any Class of Notes is equal to the Principal Amount Outstanding of the relevant Class of Notes.

On each Calculation Date, subject to the Order of Calculations, the Cash Manager will calculate an amount (the “**Total Principal Deficiency**”). The Total Principal Deficiency is equal to:

- (a) the Outstanding Balance of Liabilities, less
- (b) the Outstanding Balance of Portfolio.

The “**Outstanding Balance of Portfolios**” is equal to the sterling equivalent (using, where applicable, the swap rate in the Asset Swap Agreements) of the aggregate of: (1) any funds standing to the credit of the Principal Collection Accounts (and, where such funds are held in the Euro Principal Collections Account or US dollar Principal Collections Account, converting such amounts at the swap rate in respect of each applicable Asset Swap Agreement); (2) any funds standing to the credit of the Reserve Account to the extent standing to the credit of the Liquidity Reserve Ledger; and (3) the US dollar Portfolio Balance, the Euro Portfolio Balance and the Sterling Portfolio Balance for the Calculation Period ending on such Calculation Date, provided that in respect of such calculation only, any Delinquent Advance forming part of the Securitised Portfolio during such Calculation Period shall,

- (a) where such delinquency under such Delinquent Advance is for a period of 3 months or less, be given 100% weighting in such calculation,
- (b) where such delinquency under such Delinquent Advance is for a period of more than 3 months but less than 24 months, be given 50% weighting in such calculation,
- (c) if a Defaulted Advance, be given 0% weighting in such calculation.

The “**Outstanding Balance of Liabilities**” is the sterling equivalent (using the exchange rate under the Funding Swap Agreements) (to the extent the Notes are not sterling-denominated) of the principal balance of the Notes on the next following Interest Payment Date (taking into account any principal repayments to be made in respect of the Notes but not those principal repayments met through the application of Re-allocated Available Income Funds (as defined below)).

The Total Principal Deficiency calculated for any Calculation Date shall be allocated by the Cash Manager to the Principal Deficiency Ledgers, subject to the Order of Calculations, up to the maximum amount allocable thereto, in the following order of priority until the Total Principal Deficiency is allocated in full:

- (1) to the F Principal Deficiency Ledger;
- (2) second, to the E Principal Deficiency Ledger (being allocated first, as to 75%, to the E Junior Principal Deficiency Sub-Ledger and second, as to 25%, to the E Senior Principal Deficiency Sub-Ledger);
- (3) third, to the D Principal Deficiency Ledger (being allocated first, as to 75%, to the D Junior Principal Deficiency Sub-Ledger and second, as to 25%, to the D Senior Principal Deficiency Sub-Ledger);
- (4) fourth, to the C Principal Deficiency Ledger (being allocated first, as to 75%, to the C Junior Principal Deficiency Sub-Ledger and second, as to 25%, to the C Senior Principal Deficiency Sub-Ledger);
- (5) fifth, to the B Principal Deficiency Ledger (being allocated first, as to 75%, to the B Junior Principal Deficiency Sub-Ledger and second, as to 25%, to the B Senior Principal Deficiency Sub-Ledger); and
- (6) sixth, to the A Principal Deficiency Ledger.

Available Principal Funds Priority of Payments

Subject to the Order of Calculations, Available Principal Funds will, on each Interest Payment Date prior to enforcement of the Security (as defined in Condition 3), be applied by the Issuer (or the Cash Manager

on its behalf) in making the following payments and/or provisions in the following order of priority (the “**Available Principal Funds Priority of Payments**”) (but in each case only to the extent that all payments and/ or provisions of a higher ranking priority have been paid or provided for in full):

- (1) to the Liquidity Facility Provider for repayment of all amounts outstanding under the Sterling Central Liquidity Facility Agreement;
- (2) for deposit to the Reserve Account up to an amount equal to the shortfall (if any) between (i) the amount then standing to the credit of the Liquidity Reserve Ledger and (ii) the Required Liquidity Reserve Amount (and any such amount so deposited pursuant to this item shall be credited to the Liquidity Reserve Ledger);
- (3) during a Substitution Period:
 - (a) subject to the discretion of the Cash Manager on behalf of the Issuer, for payment of Substitute Advance Issuer Purchase Price Amounts on such date (provided that if any such payment is in a currency other than sterling, such payment shall be made only in the event that an Asset Swap Agreement is available on such date in respect of such currency payment (in which such event the payment shall be made to the relevant swap counterparty thereunder in exchange for a currency amount equal to the relevant Substitute Advance Issuer Purchase Price Amount which shall be paid pursuant to the Asset Swap Agreement));
 - (b) retained in or deposited into the relevant Principal Collection Account in an amount not exceeding the Deposit Balance Threshold of each the Sterling Portfolio Balance, Euro Portfolio Balance and US dollar Portfolio Balance, as applicable (provided that if any such deposit is to be made in a currency other than sterling, such deposit shall be made only in the event that an Asset Swap Agreement is available on such date in respect of such currency deposit (in which such event the payment shall be made to the relevant swap counterparty thereunder in exchange for a currency amount equal to the relevant amount to be so deposited));
- (4) *pro rata* and *pari passu*:
 - (a) utilising the amount available under this item (4) multiplied by the Applicable Ratio for the A1 Notes to repay principal on the A1 Notes in an amount equal to the Principal Amount Outstanding of the A1 Notes until the A1 Notes have been repaid in full;
 - (b) utilising the amount available under this item (4) multiplied by the Applicable Ratio for the A2 Notes, to pay principal exchange amounts under A2 Funding Swap Agreement to the Swap Counterparty (and the euro amount received in exchange for such payment shall be applied to repay principal on the A2 Notes in an amount equal to the Principal Amount Outstanding of the A2 Notes until the A2 Notes have been repaid in full (or, in the event that the A2 Funding Swap Agreement has been terminated without replacement, spot exchanged into euros to repay principal on the A2 Notes in an amount equal to the Principal Amount Outstanding of the A2 Note until the A2 Notes have been repaid in full));
 - (c) utilising the amount available under this item (4) multiplied by the Applicable Ratio for the A3 Notes, to pay principal exchange amounts under A3 Funding Swap Agreement to the Swap Counterparty (and the US dollar amount received in exchange for such payment shall be applied to repay principal on the A3 Notes in an amount equal to the Principal Amount Outstanding of the A3 Notes until the A3 Notes have been repaid in full (or, in the event that the A3 Funding Swap Agreement has been terminated without replacement, spot exchanged into US dollars to repay principal on the A3 Notes in an amount equal to the Principal Amount Outstanding of the A3 Notes until the A3 Notes have been repaid in full));
- (5) *pro rata* and *pari passu*:
 - (a) utilising the amount available under this item (5) multiplied by the Applicable Ratio for the B1 Notes, to repay principal on the B1 Notes in an amount equal to the Principal Amount Outstanding of the B1 Notes until the B1 Notes have been repaid in full;
 - (b) utilising the amount available under this item (5) multiplied by the Applicable Ratio for the B2 Notes, to pay principal exchange amounts under B2 Funding Swap Agreement to the Swap Counterparty (and the euro amount received in exchange for such payment shall be applied to repay principal on the B2 Notes in an amount equal to the Principal Amount Outstanding of

the B2 Notes until the B2 Notes have been repaid in full (or, in the event that the B2 Funding Swap Agreement has been terminated without replacement, spot exchanged into euros to repay principal on the B2 Notes in an amount equal to the Principal Amount Outstanding of the B2 Notes until the B2 Notes have been repaid in full));

- (c) utilising the amount available under this item (5) multiplied by the Applicable Ratio for the B3 Notes, to pay principal exchange amounts under the B3 Funding Swap Agreement to the Swap Counterparty (and the US dollar amount received in exchange for such payment shall be applied to repay principal on the B3 Notes in an amount equal to the Principal Amount Outstanding of the B3 Notes until the B3 Note have been repaid in full (or, in the event that the B3 Funding Swap Agreement has been terminated without replacement, exchanged into US dollars to repay principal on the B3 Notes in an amount equal to the Principal Amount Outstanding of the B3 Notes until the B3 Notes have been repaid in full));

(6) *pro rata and pari passu*:

- (a) utilising the amount available under this item (6) multiplied by the Applicable Ratio for the C1 Notes, to repay principal on the C1 Notes in an amount equal to the Principal Amount Outstanding of the C1 Notes until the C1 Notes have been repaid in full;
- (b) utilising the amount available under this item (6) multiplied by the Applicable Ratio for the C2 Notes, to pay principal exchange amounts under C2 Funding Swap Agreement to the Swap Counterparty (and the euro amount received in exchange for such payment shall be applied to repay principal on the C2 Notes in an amount equal to the Principal Amount Outstanding of the C2 Notes until the C2 Notes have been repaid in full (or, in the event that the C2 Funding Swap Agreement has been terminated without replacement, spot exchanged into euros to repay principal on the C2 Notes in an amount equal to the Principal Amount Outstanding of the C2 Notes until the C2 Notes have been repaid in full));

(7) *pro rata and pari passu*:

- (a) utilising the amount available under this item (7) multiplied by the Applicable Ratio for the D1 Notes, to repay principal on the D1 Notes in an amount equal to the Principal Amount Outstanding of the D1 Notes until the D1 Notes have been repaid in full;
- (b) utilising amounts available under this item (7) multiplied by the Applicable Ratio for the D2 Notes, to pay principal exchange amounts under D2 Funding Swap Agreement to the Swap Counterparty (and the euro amount received in exchange for such payment shall be applied to repay principal on the D2 Notes in an amount equal to the Principal Amount Outstanding of the D2 Notes multiplied by the Applicable Ratio until the D2 Notes have been repaid in full (or, in the event that the D2 Funding Swap Agreement has been terminated without replacement, spot exchanged into euros to repay principal on the D2 Notes in an amount equal to the Principal Amount Outstanding of the D2 Notes until the D2 Notes have been repaid in full));

(8) *pro rata and pari passu*:

- (a) utilising amounts available under this item (8) multiplied by the Applicable Ratio for the E1 Notes, to repay principal on the E1 Notes in an amount equal to the Principal Amount Outstanding of the E1 Notes until the E1 Notes have been repaid in full;
- (b) utilising amounts available under this item (8) multiplied by the Applicable Ratio for the E2 Notes, to pay principal exchange amounts under E2 Funding Swap Agreement to the Swap Counterparty (and the euro amount received in exchange for such payment shall be applied to repay principal on the E2 Notes in an amount equal to the Principal Amount Outstanding of the E2 Notes multiplied by the Applicable Ratio until the E2 Notes have been repaid in full (or, in the event that the E2 Funding Swap Agreement has been terminated without replacement, spot exchanged into euros to repay principal on the E2 Notes in an amount equal to the Principal Amount Outstanding of the E2 Notes until the E2 Notes have been repaid in full));
- (c) utilising amounts available under this item (8) multiplied by the Applicable Ratio for the E3 Notes, to pay principal exchange amounts under the E3 Funding Swap Agreement to the Swap Counterparty (and the US dollar amount received in exchange for such payment shall be applied to repay principal on the E3 Notes in an amount equal to the Principal Amount

Outstanding of the E3 Notes until the E3 Note have been repaid in full (or, in the event that the E3 Funding Swap Agreement has been terminated without replacement, exchanged into US dollars to repay principal on the E3 Notes in an amount equal to the Principal Amount Outstanding of the E3 Notes until the E3 Notes have been repaid in full;

- (9) to repay principal on the F Notes until the F Notes have been repaid in full;
- (10) any funds remaining following satisfaction of all of the above items shall be deposited into the Interest Composite Account and shall form part of Available Income Funds.

Available Income Funds

On each Calculation Date, subject to the Order of Calculations, the Cash Manager shall calculate the “**Available Income Funds**” which will be available to the Issuer on the next following Interest Payment Date and being an amount equal to the aggregate of the following:

- (1) the amount standing to the credit of the Interest Composite Account (including any amounts in respect of the Basis Swap Agreements, the Euro Asset Swap Agreement and the US dollar Asset Swap Agreement, the Euro Margin Excess Amount and the US dollar Margin Excess Amount) on the next following Interest Payment Date;
- (2) the balance standing to the credit of the Reserve Account to the extent credited to the Reserve Ledger, but not including any amounts standing to the credit of the Liquidity Reserve Ledger on the next following Interest Payment Date (not taking into account any deposits to be made thereto pursuant to the Available Income Funds Priority of Payments on the next following Interest Payment Date);
- (3) the income in respect of any Permitted Investments in which funds standing to the credit of any Issuer Account have been invested calculated as being available to the Issuer on such Calculation Date.

Where the Swap Counterparty provides collateral in accordance with the terms of a Swap Agreement, such collateral will, upon receipt by the Issuer, be credited to a separate ledger (created to record such amounts) and credited to an account of the Issuer opened for such purpose. Any collateral or interest or distributions relating thereto shall not form part of the funds available to the Issuer other than collateral amounts applied in satisfaction of termination payments due to the Issuer following the designation of an early termination date under the relevant Swap Agreement.

Available Income Funds Priority of Payments

Subject to the Order of Calculations, Available Income Funds will, on each Interest Payment Date prior to enforcement of the Security (as defined in Condition 3), be applied by the Issuer (or the Cash Manager on its behalf) in making the following payments and/or provisions in the following order of priority (the “**Available Income Funds Priority of Payments**”) (but, in each case, only to the extent that all payments and/ or provisions of a higher ranking priority have been paid or provided for in full):

- (1) to pay the remuneration payable to the Trustee for any costs, charges, liabilities and expenses incurred by it under the provisions of the Trust Deed and the Deed of Charge (including interest thereon, if so provided in the Trust Deed or the Deed of Charge);
- (2) provided the then Total Portfolio Balance is greater than or equal to ten per cent. of the Total Portfolio Balance as at the Closing Date, to pay the fees payable to the Cash Manager pursuant to the Cash Management Agreement;
- (3) *pari passu* and on a *pro rata* basis, to pay (a) the Principal Paying Agent for itself and/or the other Paying Agents, any amounts properly paid by the Principal Paying Agent and/or the other Paying Agents to the Noteholders and not paid by the Issuer pursuant to Clause 6 of the Agency Agreement; (b) the fees, costs and expenses of the Agent Bank and the Paying Agents and any other Agent under the Paying Agency Agreement; (c) the fees, costs and expenses of the Issuer’s auditors; (d) the fees and expenses of the Account Bank; (e) the fees of any corporate services provider (including any registered office fees) in respect of the Issuer;
- (4) *pari passu* and on a *pro rata* basis, to pay all interest and commitment fees then due and payable to the Liquidity Facility Provider under the Sterling Central Liquidity Facility;

- (5) if the A Transaction Liquidity Facility Availability Test is not met, to repay all principal amounts then due and payable to the Liquidity Facility Provider under the Sterling Central Liquidity Facility (to the extent not repaid pursuant to the Available Principal Funds Priority of Payments) or, to the extent that there are no principal amounts then due and payable under the Sterling Central Liquidity Facility, to deposit to the Reserve Account until the balance thereof is equal to the Required Liquidity Reserve Amount and any amount so deposited pursuant to this item shall be credited to the Liquidity Reserve Ledger;
- (6) *pro rata* and *pari passu*: (a) utilising amounts available under this item (6) multiplied by the Applicable Ratio for the A1 Notes, to pay interest then due and payable on the A1 Notes (applying such payment first to current interest and then to any Deferred Interest (and Additional Interest in respect thereof)); (b) utilising amounts available under this item (6) multiplied by the Applicable Ratio for the A2 Notes, to pay all amounts other than amounts representing exchange of principal (but not including any Termination Payment which would be payable under item (29) below) under the A2 Funding Swap Agreement to the Swap Counterparty (and the euro amount received in exchange for such payment shall be applied to pay interest then due and payable on the A2 Notes (applying such payment first to current interest and then to any Deferred Interest (and Additional Interest in respect thereof))) (or, in the event that the A2 Funding Swap Agreement has been terminated without replacement, exchanged into euros to pay interest then due and payable on the A2 Notes (applying such payment first to current interest and then to any Deferred Interest (and Additional Interest in respect thereof))); (c) utilising amounts available under this item (6) multiplied by the Applicable Ratio for the A3 Notes, to pay all amounts other than amounts representing exchange of principal (but not including any Termination Payment which would be payable under item (29) below) under the A3 Funding Swap Agreement to the Swap Counterparty (and the US dollar amount received in exchange for such payment shall be applied to pay interest then due and payable on the A3 Notes (applying such payment first to current interest and then to any Deferred Interest (and Additional Interest in respect thereof))) (or, in the event that the A3 Funding Swap Agreement has been terminated without replacement, exchanged into US dollar to pay interest then due and payable on the A3 Notes (applying such payment first to current interest and then to any Deferred Interest (and Additional Interest in respect thereof))); (d) to pay all Termination Payments then due under any Asset Swap Agreement (but not including any Termination Payment which would be payable under item (29) below);
- (7) an amount equal to the amount standing to the credit of the A Principal Deficiency Ledger shall be applied to reduce such credit balance (and the A Principal Deficiency Ledger will be debited by a commensurate amount);
- (8) an amount equal to the amount standing to the credit of the B Senior Principal Deficiency Sub-Ledger shall be applied to reduce such credit balance (and the B Senior Principal Deficiency Sub-Ledger will be debited by a commensurate amount);
- (9) if the B Transaction Liquidity Facility Availability Test is not met, to repay all principal amounts then due and payable to the Liquidity Facility Provider under the Sterling Central Liquidity Facility (to the extent not repaid pursuant to the Available Principal Funds Priority of Payments or item (5) above) or, to the extent that there are no principal amounts then due and payable under the Sterling Central Liquidity Facility, to deposit to the Reserve Account until the balance thereof is equal to the Required Liquidity Reserve Amount and any amount so deposited pursuant to this item shall be credited to the Liquidity Reserve Ledger;
- (10) *pro rata* and *pari passu*: (a) utilising amounts available under this item (10) multiplied by the Applicable Ratio for the B1 Notes, to pay interest then due and payable on the B1 Notes (applying such payment first to current interest and then to any Deferred Interest (and Additional Interest in respect thereof)); (b) utilising amounts available under this item (10) multiplied by the Applicable Ratio for the B2 Notes, to pay all amounts other than amounts representing exchange of principal (but not including any Termination Payment which would be payable under item (29) below) under the B2 Funding Swap Agreement to the Swap Counterparty (and the euro amount received in exchange for such payment shall be applied to pay interest then due and payable on the B2 Notes (applying such payment first to current interest and then to any Deferred Interest (and Additional Interest in respect thereof))) (or, in the event that the B2 Funding Swap Agreement has been terminated without replacement, exchanged into euros to pay interest then due and payable on the B2 Notes (applying such payment first to current interest and then to any Deferred Interest (and Additional Interest in respect thereof))); (c) utilising amounts available under this item (10)

multiplied by the Applicable Ratio for the B3 Notes, to pay all amounts other than amounts representing exchange of principal (but not including any Termination Payment which would be payable under item (29) below) under the B3 Funding Swap Agreement to the Swap Counterparty (and the US dollar amount received in exchange for such payment shall be applied to pay interest then due and payable on the B3 Notes (applying such payment first to current interest and then to any Deferred Interest (and Additional Interest in respect thereof))) (or, in the event that the B3 Funding Swap Agreement has been terminated without replacement, exchanged into US dollar to pay interest then due and payable on the B3 Notes (applying such payment first to current interest and then to any Deferred Interest (and Additional Interest in respect thereof)));

- (11) an amount equal to the amount standing to the credit of the B Junior Principal Deficiency Sub-Ledger shall be applied to reduce such credit balance (and the B Junior Principal Deficiency Sub-Ledger will be debited by a commensurate amount);
- (12) an amount equal to the amount standing to the credit of the C Senior Principal Deficiency Sub-Ledger shall be applied to reduce such credit balance (and the C Senior Principal Deficiency Sub-Ledger will be debited by a commensurate amount);
- (13) if the C Transaction Liquidity Facility Availability Test is not met, to repay all principal amounts then due and payable to the Liquidity Facility Provider under the Sterling Central Liquidity Facility (to the extent not repaid pursuant to the Available Principal Funds Priority of Payments or items (5) and (9) above) or, to the extent that there are no principal amounts then due and payable under the Sterling Central Liquidity Facility, to deposit to the Reserve Account until the balance thereof is equal to the Required Liquidity Reserve Amount and any amount so deposited pursuant to this item shall be credited to the Liquidity Reserve Ledger;
- (14) *pro rata* and *pari passu*: (a) utilising amounts available under this item (14) multiplied by the Applicable Ratio for the C1 Notes, to pay interest then due and payable on the C1 Notes (applying such payment first to current interest and then to any Deferred Interest (and Additional Interest in respect thereof)); (b) utilising amounts available under this item (14) multiplied by the Applicable Ratio for the C2 Notes, to pay all amounts other than amounts representing exchange of principal (but not including any Termination Payment which would be payable under item (29) below) under the C2 Funding Swap Agreement to the Swap Counterparty (and the euro amount received in exchange for such payment shall be applied to pay interest then due and payable on the C2 Notes (applying such payment first to current interest and then to any Deferred Interest (and Additional Interest in respect thereof))) (or, in the event that the C2 Funding Swap Agreement has been terminated without replacement, exchanged into euros to pay interest then due and payable on the C2 Notes (applying such payment first to current interest and then to any Deferred Interest (and Additional Interest in respect thereof)));
- (15) an amount equal to the amount standing to the credit of the C Junior Principal Deficiency Sub-Ledger shall be applied to reduce such credit balance (and the C Junior Principal Deficiency Sub-Ledger will be debited by a commensurate amount);
- (16) an amount equal to the amount standing to the credit of the D Senior Principal Deficiency Sub-Ledger shall be applied to reduce such credit balance (and the D Senior Principal Deficiency Sub-Ledger will be debited by a commensurate amount);
- (17) if the D Transaction Liquidity Facility Availability Test is not met, to repay all principal amounts then due and payable to the Liquidity Facility Provider under the Sterling Central Liquidity Facility (to the extent not repaid pursuant to the Available Principal Funds Priority of Payments or items (5), (9) and (13) above) or, to the extent that there are no principal amounts then due and payable under the Sterling Central Liquidity Facility, to deposit to the Reserve Account until the balance thereof is equal to the Required Liquidity Reserve Amount and any amount so deposited pursuant to this item shall be credited to the Liquidity Reserve Ledger;
- (18) *pro rata* and *pari passu*: (a) utilising amounts available under this item (18) multiplied by the Applicable Ratio for the D1 Notes, to pay interest then due and payable on the D1 Notes (applying such payment first to current interest and then to any Deferred Interest (and Additional Interest in respect thereof)); (b) utilising amounts available under this item (18) multiplied by the Applicable Ratio for the D2 Notes, to pay all amounts other than amounts representing exchange of principal (but not including any Termination Payment which would be payable under item (29) below) under the D2 Swap Agreement to the Swap Counterparty (and the euro amount received in exchange for

such payment shall be applied to pay interest then due and payable on the D2 Notes (applying such payment first to current interest and then to any Deferred Interest (and Additional Interest in respect thereof))) (or, in the event that the D2 Funding Swap Agreement has been terminated without replacement, exchanged into euros to pay interest then due and payable on the D2 Notes at the Applicable Ratio (applying such payment first to current interest and then to any Deferred Interest (and Additional Interest in respect thereof)));

- (19) an amount equal to the amount standing to the credit of the D Junior Principal Deficiency Sub-Ledger shall be applied to reduce such credit balance (and the D Junior Principal Deficiency Sub-Ledger will be debited by a commensurate amount);
- (20) an amount equal to the amount standing to the credit of the E Senior Principal Deficiency Sub-Ledger shall be applied to reduce such credit balance (and the E Senior Principal Deficiency Sub-Ledger will be debited by a commensurate amount);
- (21) if the E Transaction Liquidity Facility Availability Test is not met, to repay all principal amounts then due and payable to the Liquidity Facility Provider under the Sterling Central Liquidity Facility (to the extent not repaid pursuant to the Available Principal Funds Priority of Payments or items (5), (9), (13) and (17) above) or, to the extent that there are no principal amounts then due and payable under the Sterling Central Liquidity Facility, to deposit to the Reserve Account until the balance thereof is equal to the Required Liquidity Reserve Amount and any amount so deposited pursuant to this item shall be credited to the Liquidity Reserve Ledger;
- (22) *pro rata and pari passu*: (a) utilising amounts available under this item (22) multiplied by the Applicable Ratio for the E1 Notes, to pay interest then due and payable on the E1 Notes at the Applicable Ratio (applying such payment first to current interest and then to any Deferred Interest (and Additional Interest in respect thereof)); (b) utilising amounts available under this item (22) multiplied by the Applicable Ratio for the E2 Notes, to pay all amounts other than amounts representing exchange of principal (but not including any Termination Payment which would be payable under item (29) below) under the E2 Funding Swap Agreement to the Swap Counterparty (and the euro amount received in exchange for such payment shall be applied to pay interest then due and payable on the E2 Notes (applying such payment first to current interest and then to any Deferred Interest (and Additional Interest in respect thereof))) (or, in the event that the E2 Funding Swap Agreement has been terminated without replacement, spot exchanged into euros to pay interest then due and payable on the E2 Notes at the Applicable Ratio (applying such payment first to current interest and then to any Deferred Interest (and Additional Interest in respect thereof))); (c) utilising amounts available under this item (22) multiplied by the Applicable Ratio for the E3 Notes, to pay all amounts other than amounts representing exchange of principal (but not including any Termination Payment which would be payable under item (29) below) under the E3 Funding Swap Agreement to the Swap Counterparty (and the US dollar amount received in exchange for such payment shall be applied to pay interest then due and payable on the E3 Notes (applying such payment first to current interest and then to any Deferred Interest (and Additional Interest in respect thereof))) (or, in the event that the E3 Funding Swap Agreement has been terminated without replacement, exchanged into US dollar to pay interest then due and payable on the E3 Notes (applying such payment first to current interest and then to any Deferred Interest (and Additional Interest in respect thereof)));
- (23) an amount equal to the amount standing to the credit of the E Junior Principal Deficiency Sub-Ledger shall be applied to reduce such credit balance (and the E Junior Principal Deficiency Sub-Ledger will be debited by a commensurate amount);
- (24) to repay all principal amounts then due and payable to the Liquidity Facility Provider under the Sterling Central Liquidity Facility (to the extent not repaid pursuant to the Available Principal Funds Priority of Payments or items (5), (9), (13), (17) and (21) above) or, to the extent that there are no principal amounts then due and payable under the Sterling Central Liquidity Facility, to deposit to the Reserve Account until the balance thereof is equal to the Required Liquidity Reserve Amount and any amount so deposited pursuant to this item shall be credited to the Liquidity Reserve Ledger;
- (25) an amount equal to the amount standing to the credit of the F Principal Deficiency Ledger shall be applied to reduce such credit balance (and the F Principal Deficiency Ledger will be debited by a commensurate amount);

- (26) an amount to be deposited to the Reserve Account equal to the Required Reserve Amount (and any such amount so deposited pursuant to this item shall be credited to the Reserve Ledger);
- (27) if the Total Portfolio Balance is less than ten per cent. of the Total Portfolio Balance calculated as at the Closing Date, to pay the fees payable to the Cash Manager pursuant to the Cash Management Agreement;
- (28) to make payments of interest on the F Notes (applying such payment first to current interest and then to any Deferred Interest (and Additional Interest in respect thereof) then outstanding);
- (29) to the extent that any of the Asset Swap Agreements or the Funding Swap Agreements has been terminated as a result of a Swap Counterparty Default thereunder, and to the extent of any Termination Payment then due by the Issuer to the Swap Counterparty, *pro rata* and *pari passu* (to the extent of amounts owing under each of such Swap Agreements), to the Swap Counterparty in respect of the Termination Payment thereunder;
- (30) to pay interest due in respect of the Expenses Loan;
- (31) on the Legal Final Maturity Date or, if earlier, the date on which the Notes are redeemed in full, to repay principal then due in respect of the Expenses Loan;
- (32) to pay the Issuer Return;
- (33) to pay remaining amounts (any such amounts on an Interest Payment Date, the “**Deferred Trust Consideration**” for that Interest Payment Date) to the Originator pursuant to the Asset Transfer Deed;

The surplus (if any) of any such monies shall be retained by the Issuer.

All amounts applied to cure any credit balance in respect of a Principal Deficiency Ledger and/or Principal Deficiency Sub-Ledger are “**Re-Allocated Available Income Funds**” and shall be deposited to the Principal Composite Account and applied pursuant to the Available Principal Funds Priority of Payments.

The “**A Transaction Liquidity Facility Availability Test**” means that the A Principal Deficiency Ledger credit balance is less than 50% of the Principal Amount Outstanding of the A Notes.

The “**B Transaction Liquidity Facility Availability Test**” means that there is no credit balance in respect of the B Senior Principal Deficiency Sub-Ledger.

The “**C Transaction Liquidity Facility Availability Test**” means that there is no credit balance in respect of the C Senior Principal Deficiency Sub-Ledger.

The “**D Transaction Liquidity Facility Availability Test**” means that there is no credit balance in respect of the D Senior Principal Deficiency Sub-Ledger.

The “**E Transaction Liquidity Facility Availability Test**” means that there is no credit balance in respect of the E Senior Principal Deficiency Sub-Ledger.

To the extent that Available Income Funds on the relevant Interest Payment Date are sufficient therefor, such amount shall be paid to the persons entitled thereto or so applied on the relevant Interest Payment Date. To the extent that Available Income Funds on the relevant Interest Payment Date are insufficient therefor, funds standing to the credit of the Reserve Account to the extent standing to the credit of the Liquidity Reserve Ledger may be withdrawn, or a drawing may be made under the Sterling Central Liquidity Facility (utilising first any funds standing to the credit of the Reserve Account to the extent standing to the credit of the Liquidity Reserve Ledger, if applicable) to the following extent:

- (a) if the E Transaction Liquidity Facility Availability Test is met, to the extent of any shortfalls under items (1), (2), (3), (4), (6), (10), (14), (18) and/or (22) of the Available Income Funds Priority of Payments;
- (b) if the D Transaction Liquidity Facility Availability Test is met, but the E Transaction Liquidity Facility Availability Test is not met, only to the extent of any shortfalls under items (1), (2), (3), (4), (6), (10), (14) and/or (18) of the Available Income Funds Priority of Payments;
- (c) if the C Transaction Liquidity Facility Availability Test is met, but the D Transaction Liquidity Facility Availability Test is not met, only to the extent of any shortfalls under items (1), (2), (3), (4), (6), (10) and/or (14) of the Available Income Funds Priority of Payments;
- (d) if the B Transaction Liquidity Facility Availability Test is met, but the C Transaction Liquidity Facility Availability Test is not met, only to the extent of any shortfalls under items (1), (2), (3), (4), (6) and/or (10) of the Available Income Funds Priority of Payments;

- (e) if the A Transaction Liquidity Facility Availability Test is met, but the B Transaction Liquidity Facility Availability test is not met, only to the extent of any shortfalls under items (1), (2), (3), (4) and/or (6) of the Available Income Funds Priority of Payments;
- (f) if the A Transaction Liquidity Facility Availability Test is not met, only to the extent of any shortfalls under items (1), (2), (3) and/or (4) of the Issuer Available Income Funds Priority of Payments.

“**Issuer Return**” means, for any Interest Payment Date, an amount equal to: $A + B + C$ where:

A = the product of (a) a fraction, the numerator of which is the actual number of days in the Calculation Period with respect to the related Interest Payment Date and the denominator of which is 365, (b) 0.01 per cent. per annum and (c) £250,000,000; and

B = the product of (a) a fraction, the numerator of which is the actual number of days in the Calculation Period with respect to the related Interest Payment Date and the denominator of which is 365, (b) 0.001 per cent. per annum and (c) any amount of the Issuer’s Portfolio Interest then in excess of £250,000,000 as at the Calculation Date immediately preceding that Interest Payment Date

C = an amount equal to a specified fraction of the costs of the issue of the Notes.

Order of Calculations

The “**Order of Calculations**” refers to calculations and payments in the following order. In some cases, the relevant calculation in the Order of Calculations will require a notional calculation to be made in accordance with the Asset Funding Priorities of Payments, the Available Income Funds Priority of Payments or the Available Principal Funds Priority of Payments but such notional calculations are made in order to facilitate calculation of relevant amounts which will, on the specified day, be paid in accordance with such priorities. The Cash Manager shall, on behalf of the Issuer, on each Calculation Date perform the calculations set forth in the Order of Calculations in accordance with the Cash Management Agreement.

- (1) notionally applying the Asset Funding Priorities of Payments, calculate the anticipated level of Principal Collections (including any Euro Asset Swap Principal Exchange Amount and/or US dollar Asset Swap Principal Exchange Amount) which will be available for application under item (1) of the Available Principal Funds Priority of Payments in repayment of the Sterling Central Liquidity Facility;
- (2) notionally applying the Asset Funding Priorities of Payments, calculate the amounts which will be required to be drawn under the Sterling Central Liquidity Facility (and, where required, calculated pursuant to the forward rate of exchange contracts to be entered thereunder for exchange on the next following Interest Payment Date);
- (3) determine the application of funds and make payments in accordance with the Asset Funding Priority of Payments;
- (4) determine the amount of Principal Collections (including any Euro Asset Swap Principal Exchange Amount and/or US dollar Asset Swap Principal Exchange Amount) which will be available for application under item (1) of the Available Principal Funds Priority of Payments in repayment of the Sterling Central Liquidity Facility;
- (5) notionally applying the Available Principal Funds Priority of Payments, determine the Total Principal Deficiency after such notional application of the Available Principal Funds Priority of Payments and allocate relevant amounts to the Principal Deficiency Ledgers;
- (6) determine the application of funds and make payments in accordance with the Available Income Funds Priority of Payments; and
- (7) determine the application of Available Principal Funds (including Re-allocated Available Income Funds) and make payments in accordance with the Available Principal Funds Priority of Payments.

CASH MANAGEMENT

General

HSBC will be appointed as Cash Manager pursuant to the Cash Management Agreement. The Cash Management Fee is £130,000 per annum payable in equal quarterly instalments in arrear. If a successor Cash Manager is appointed, the Cash Management Fee will be subject to the arrangements between the Issuer and that successor Cash Manager. HSBC may not resign as Cash Manager, but in certain circumstances its appointment as Cash Manager may be terminated and a successor Cash Manager appointed in its place.

Asset Transfer Deed: Servicing

The Originator administers and collects in the Securitised Portfolio. The Originator is required under the Asset Transfer Deed to calculate, allocate and distribute (where applicable), on a daily basis, all Collections and Default Amounts referable to the Transferor's Portfolio Interest and the Issuer's Portfolio Interest.

The Cash Manager will, following receipt by the Issuer of amounts allocable to the Issuer's Portfolio Interest, calculate, allocate and pay such amounts on behalf of the Issuer in accordance with the provisions of the Cash Management Agreement (including making payments in accordance with the Available Reserve Funds Priority of Payments and the Available Principal Funds Priority of Payments), and shall maintain all required records, ledgers, books and accounts in relation to such calculation, allocation and payment.

The Cash Manager will indemnify the Issuer from and against any reasonable loss, liability, expense, damage or injury suffered or sustained by reason of any fraud, wilful misconduct or negligent acts or omissions of the Cash Manager with respect to its duties and activities in relation to calculation, allocation and distribution of funds in accordance with the Cash Management Agreement.

Neither the directors, officers, employees or agents of the Cash Manager, nor the Cash Manager itself will be under any liability to the Issuer or any other person under the Cash Management Agreement or pursuant to any document delivered pursuant to the Cash Management Agreement, except in the case of wilful misfeasance, bad faith or negligence of any such person or the Cash Manager in the performance of duties under the Cash Management Agreement.

Any person into which, in accordance with the Cash Management Agreement, the Cash Manager may be merged or consolidated or any person resulting from any merger or consolidation to which the Cash Manager is a party, or any person succeeding to the business of the Cash Manager, upon execution of a supplemental agreement to the Cash Management Agreement and delivery of a legal opinion with respect to the compliance of the succession with the applicable provisions of the Cash Management Agreement, will be the successor to the Cash Manager under the Cash Management Agreement.

Termination of Cash Manager

HSBC may not resign as Cash Manager, but in certain circumstances (mainly relating to default and insolvency in relation to HSBC) its appointment as Cash Manager may be terminated and a successor Cash Manager appointed in its place.

Cash Manager Default

A "Cash Manager Default" means:

- (a) any failure by the Cash Manager to make any payment, transfer or deposit or to give instructions or notice to the Issuer pursuant to the Cash Management Agreement and which continues unremedied for a period of five Business Days after the date on which written notice of such failure shall have been given to the Cash Manager by the Issuer;
- (b) failure on the part of the Cash Manager duly to observe or perform in any respect any other covenants or agreements of the Cash Manager set forth in any relevant agreement, which has a material adverse effect on the interests of the Issuer and which continues unremedied for a period of sixty days after the date on which written notice of such failure, requiring the same to be remedied, shall have been given to the Cash Manager by the Issuer and continues to materially and adversely affect the Issuer's Portfolio Interest;

- (c) delegation by the Cash Manager of its duties under the Cash Management Agreement to any other entity, except as permitted thereunder;
- (d) any relevant representation, warranty or certification made by the Cash Manager in the Cash Management Agreement or any certificate delivered pursuant thereto proves to have been incorrect when made, has a material adverse effect on the Issuer's Portfolio Interest and continues to be incorrect in any material respect for a period of sixty days after the date on which written notice of such failure, requiring the same to be remedied, shall have been given to the Cash Manager by the Issuer and continues to materially and adversely affect the Issuer's Portfolio Interest;
- (e) the presentation of a petition for the making of an order for the administration, winding up, dissolution or other similar or analogous procedure in respect of the Cash Manager, and which is not being contested in good faith or which is not dismissed or withdrawn within sixty days of being presented or made, or the Cash Manager shall consent to or take any corporate action relating to the appointment of a receiver, administrator, administrative receiver, provisional liquidator, liquidator, trustee or similar officer of it or relating to all or substantially all of its revenues and assets; or
- (f) a duly authorised officer of the Cash Manager shall admit in writing that the Cash Manager is unable to pay its debts as they fall due within the meaning of Section 123 of the Insolvency Act 1986 (other than Section 123(1)(a)) (or the Cash Manager fails to certify that it is able to pay its debts as they fall due (within the meaning of Section 123 of the Insolvency Act 1986 (other than Section 123(1)(a)) following reasonable request of the Issuer) or the Cash Manager makes a general assignment for the benefit of or a scheme, arrangement or composition with its creditors or voluntarily suspends payment of its obligations with a view to the general readjustment or rescheduling of its indebtedness.

Cash Manager Representations and Covenants

The Cash Manager has made certain representations and covenants pursuant to the Cash Management Agreement, including in respect of its capacity to perform its obligations as Cash Manager, its authority to enter into the Cash Management Agreement in its capacity as Cash Manager, and a covenant to arrange for an annual audit by an internationally recognised firm of accountants of the quarterly reports required to be delivered by the Cash Manager to the Issuer (such confirmation of each audit to be delivered to the Issuer and the Trustee no later than ninety days following each anniversary of the issuance of the Issuer's Portfolio Interest).

The Cash Manager shall, pursuant to the Cash Management Agreement prepare quarterly reports (in the form required thereunder) and shall deliver such reports to the Issuer.

HSBC AND HSBC'S CREDIT POLICIES AND PROCEDURES

HSBC Bank plc and its subsidiaries form a UK-based group providing a comprehensive range of banking and related financial services.

HSBC Bank plc (formerly Midland Bank plc) was formed in England in 1836 and subsequently incorporated as a limited company in 1880. In 1923, the company adopted the name of Midland Bank Limited which it held until 1982 when it re-registered and changed its name to Midland Bank plc.

During the year ended 31 December 1992, Midland Bank plc became a wholly-owned subsidiary undertaking of HSBC Holdings plc (“**HSBC Holdings**”), whose Head Office is at 8 Canada Square, London, E14 5HQ. HSBC Bank plc adopted its current name, changing from Midland Bank plc, in the year ended 31 December 1999. HSBC Holdings is listed on the London, Hong Kong, New York, Paris and Bermuda Stock Exchanges.

HSBC Holdings and its subsidiaries (“**HSBC Group**”) is one of the largest banking and financial services organisations in the world, with over 9,700 offices and employing more than 259,000 staff in 77 countries and territories in five geographical regions: Europe; Hong Kong SAR; the rest of Asia-Pacific, including the Middle East and Africa; North America; and South America. Its total assets at 30 June 2005 were £818 billion. HSBC Bank plc is the HSBC Group's principal operating subsidiary undertaking in Europe.

The short-term unsecured obligations of HSBC Bank plc are currently rated A-1+ by S&P, P-1 by Moody's and F1+ by Fitch and the long-term obligations of HSBC Bank plc are currently rated AA- by S&P, Aa2 by Moody's, and AA by Fitch.

HSBC Bank plc is one of the leading corporate lenders in the United Kingdom. HSBC is regulated pursuant to the Financial Services and Markets Act 2000 and is an authorised institution supervised by the Financial Services Authority. In addition, HSBC Holdings is a reporting issuer for the purposes of certain US securities regulations and in accordance therewith is required to publish certain financial information with the offices of the SEC. HSBC Bank plc's principal place of business in the United Kingdom is 8 Canada Square, London E14 5HQ.

The transactions described in this prospectus involve loans to corporate clients booked and managed within Corporate and Institutional Banking, UK (“**CIB**”), a part of HSBC Corporate, Investment Banking and Markets (“**CIBM**”), which is HSBC Bank plc's central UK lending office for corporate accounts and financial institutions, based in London. Other major Corporate and Institutional Banking centres exist in Hong Kong, New York and Paris. CIB is the largest and most mature of these Corporate and Institutional Banking centres. CIBM is one of the HSBC Group's four customer groupings, designed to reinforce HSBC Group's customer focus.

General

The proposed transaction will fund only Securitised Advances drawn by corporate borrowers, which are denominated in sterling, euro and US dollars and booked and managed by CIB. These Securitised Advances are derived from term and revolving facilities which comply with the Eligibility Criteria. Portfolio Designated Facilities may be either bilateral or syndicated.

Bilateral facilities are facilities provided to the relevant borrower by a single lender. Syndicated facilities are facilities provided by two or more lenders under the same documentation and under identical terms and conditions with, generally, advances (including in some cases the Securitised Portfolio) being made to the borrower and payments being made by the borrower, *pro rata* by and to the lenders in accordance with their respective several lending commitments. An agent bank, which may or may not be HSBC, acts as conduit for payments in both directions and performs other mechanical and administrative functions. HSBC may either be a party to a syndicated facility agreement as an original lender, or may have become a party by novation in accordance with the terms of the relevant facility documentation. In either circumstance, HSBC's lending criteria are the same. See also “*Risk Factors and Investment Considerations – Syndicated Loan Facilities*”.

It is HSBC's policy to formulate, maintain and refine credit policies and processes to enable HSBC business units to carry on their lending operations within established principles. The HSBC Group promulgates a framework for credit policies that is generally conservative and risk averse in nature. Within the standards put forward under this HSBC Group policy framework, HSBC sets certain standards for credit policies and procedures. These standards are updated periodically as new or amended policies are instituted. HSBC also establishes lending guidelines which are consistent with the HSBC Group

framework, in relation to current credit perception of the market or specific industries and in the context of HSBC's and HSBC Group's overall strategic plans. The guidelines provide specific parameters such as facility pricing, term and structure benchmarks as well as general parameters relating to industry criteria and risk concentration limits. These guidelines are reviewed and updated annually. Both the HSBC standards and applicable guidelines are available to and must be followed by all lending officers.

HSBC is a "relationship bank" and CIB has long-standing and committed relationships with its corporate clients. Generally, CIB's approach to relationship and credit management can be characterised by the following:

- (i) *Origination* is accomplished in CIB by focusing on a target client base which consists of top corporates in certain targeted sectors, and is accomplished by focusing on major UK and international corporates. Within CIB experienced bankers from the relationship manager level to senior management are grouped in 15 business units based upon industry expertise. These business units co-ordinate the marketing of CIB's global products and services, promoting the HSBC Groups global marketing network. They perform independent assessments of the credit risk of borrowers and facilities, judged on a risk-weighted asset basis.
- (ii) *Regular Monitoring* facilitates management of the credit risk of the CIB loan portfolio. This encompasses initial and annual reviews of individual credits, reviews of overall portfolio quality and audit sampling and takes place within an established credit approval and monitoring framework, each as described below.
- (iii) *Management* plays an active role in overseeing the loan portfolio with regard to limits and concentrations, including active executive management involvement in portfolio monitoring. See "*Delinquencies, Write-Off Procedures and Experience*".

Relationships with corporate borrowers are monitored for revenue and profitability on a risk-weighted asset basis. It is intended to supplement this analysis with a RAROC approval in the near future. This monitoring takes place on an on-going basis (and in any event at least annually) pursuant to a credit review process described in more detail below and enables CIB to maintain a risk management approach to lending and to control overall portfolio risk exposure.

Credit Approval Process

HSBC's credit process is dynamic and is subject to regular updating in order to reflect: (a) advances in technology; (b) changes in market conditions; (c) the overall credit profile of the portfolio; (d) the overall credit profile of individual corporate clients; and (e) changes in management structure of corporate clients. Lending relationships with corporate clients are developed by HSBC relationship managers liaising with existing and prospective borrowers. Relationship managers meet with clients to discuss the underlying needs for loans, overall industry conditions and other related information that is either publicly available or is provided by the client. When a client makes a request for credit, a relationship manager is responsible for preparing a Credit Proposal, which will be used in the credit approval process. A "**Credit Proposal**" is a comprehensive document which gives detailed information on both the client and the proposed facility both for new facility requests and also annually in relation to existing facilities (such annual Credit Proposal is called a "**Credit Review**"). The Credit Proposal and Credit Review analyses include a financial review of the client and, as appropriate, its subsidiaries (including financial statements), a risk analysis in relation to the facility, an industry review, an analysis of the client's management and credit standing and detailed information on existing facilities, any security or guarantee and HSBC Group's relationship and exposure. Credit Proposals and Credit Reviews are approved by the individual with the required level of authority.

HSBC's credit approval process is hierarchical rather than committee-based. The approval process begins with the relationship manager. The relationship manager's recommendation is reviewed by individuals with successive authority levels until the appropriate approval is obtained for the relevant application amount. Each individual in the approval process is required to accept individual responsibility for approval. Consequently, each officer with a credit approval authority below that required will review and must recommend the Credit Proposal information to the more senior officer in the approval process. The hierarchical, rather than committee-based, approval process is designed to (i) to ensure that individuals take responsibility for credit decisions and (ii) to provide an efficient means of responding to client requests. Approval authority levels are set for senior executives by HSBC Holdings, and may be delegated down through the hierarchy within established parameters, such levels being communicated to the relevant officers in writing. At certain higher levels, HSBC Holdings' concurrence may be required.

Customer Risk Rating

“**Customer**” means a group of Borrowers or potential Borrowers treated as a single entity as part of a Loan Facility and all Borrowers within that Customer have the same Industry Classification. HSBC (and some other HSBC Group entities) have introduced a 22 point scale Customer Risk Rating (“**CRR**”) linked to a 12 month probability of default and correlated to major Rating Agency methodology which is fundamental in HSBC’s management of credit risk in its lending portfolio. All Borrowers in respect of Securitised Advances will be assigned a CRR prior to the relevant Advances being included in the Securitisation Portfolio. The CRR system has been introduced to replace the previous 7 point scale facility grade system. Any loans that were originated under facility grade system and form part of the Securitised Portfolio have been re-evaluated and graded under the CRR system.

CRRs are a quantitative and qualitative statistical approach to potential default based upon historic data. The relationship manager responsible for a borrower is required to provide an assessment of management, competitive position and industry as part of the input to a financial model which utilises historic financial data on the borrower. The output from this process produces an initial CRR which the relationship manager is required to assess taking into account any other external information and/or factors not included in the model. This assessment is then agreed by recommending officers higher up the hierarchical credit approval line. CRRs are subject to constant review based upon economic, political or industry trends and other factors affecting the creditworthiness of a borrower, and may be changed at any time if the relationship manager, or any other credit executive more senior in the hierarchical approval process determines that the position or outlook for a particular credit has improved or deteriorated. Any CRR produced by the model may be modified (up or down) at the time of the initial analysis or at any review if the relevant personnel think it appropriate and there is a strong rationale to do so.

The 22 point scale CRR system is summarised below:

CRR (22 Point Scale)	CRR Narratives
1.1	Extremely strong capacity to meet long and short term financial commitments, minimal sensitivity to long term adverse external events or market conditions.
1.2	Very strong capacity to meet longer term and short term financial commitments; slight sensitivity to longer term external events or market conditions.
2.1	Strong capacity to meet longer term and short term financial commitments; slight sensitivity to longer term external events or market conditions.
2.2	Strong capacity to meet longer term and short term financial commitments; modest sensitivity to longer to medium term adverse external changes or market conditions.
3.1	Satisfactory capacity to meet medium and short term financial commitments; but some sensitivity to medium term adverse external changes or market conditions.

CRR (22 Point Scale)	CRR Narratives
3.2	Satisfactory capacity to meet medium and short term financial commitments; moderate sensitivity to adverse medium term external changes or market conditions.
3.3	Satisfactory capacity to meet medium term to short term financial commitments; but more sensitive to medium term adverse external changes or market conditions.
4.1	Capacity to meet medium and short term financial commitments is considered fair, but greater medium term sensitivity to external changes or market conditions.
4.2	Capacity to meet medium and short term financial commitments is considered fair, but higher sensitivity to medium term external changes or market conditions.
4.3	Capacity to meet medium term and short financial commitments, but marked sensitivity to medium term external changes or market conditions, sensitivity to short term events remains modest.
5.1	Capacity to meet medium and short term financial commitments considered average, but heightened sensitivity to medium term external changes or market conditions, sensitivity to short term events remains acceptable.
5.2	Capacity to meet medium and short-term financial commitments is considered average but sensitivity to medium term market conditions and external events, more significant and may impact on the financial condition. Sensitivity to short term events considered acceptable.

CRR (22 Point Scale)	CRR Narratives
5.3	Capacity to meet medium term and short term financial commitments remains average; but greater sensitivity to medium term market conditions and external events which may impact on the financial condition. Sensitivity to short term events is considered adequate.
6.1	Marginally acceptable capacity to meet short term financial commitments; susceptible to medium term external changes or market conditions which may impair the ability to meet financial commitments. Vulnerable to short term events.
6.2	Capacity to meet short-term financial commitments remains marginally acceptable; but more susceptible to medium term external changes or market conditions which may impair the ability to meet financial commitments. More vulnerable to short term external events.
7.1	Continuing capacity to meet short-term financial commitments is marginally acceptable; however marked susceptibility to external changes or medium term market conditions impairing the ability to meet financial commitments. Susceptible to short term adverse changes or events. More intensive relationship management will normally be required.
7.2	Continuing capacity to meet short-term financial commitments is weakened; increased susceptibility to external changes or medium term market conditions impairing the ability to meet financial commitments. More susceptible to short term adverse changes or events. More intensive relationship management will normally be required

<u>CRR (22 Point Scale)</u>	<u>CRR Narratives</u>
8.1	Customer is suffering financial difficulties but full repayment without steps such as realisation of security (if held) is still expected. The probability of default within the next 12 months is considered to be less than 20%.
8.2	Financial condition is weak and capacity to repay has deteriorated but full repayment without steps such as realisation of security (if held) is still, on balance, anticipated. The probability of the customer defaulting within the next 12 months is considered to be more than 20% but less than 50%.
8.3	The customer is not in default at this point but full repayment without steps such as realisation of security (if held) is becoming less likely. The probability of the customer defaulting within the next 12 months is considered to be more than 50%.
9.0	Default. The bank considers that either the customer is unlikely to pay its credit obligations in full, without recourse by the bank to the actions such as realising security if held, or the customer is past due more than 90 days on any material credit obligation to the banking group. In the case of overdrafts “90 days past due” means either that there is an excess over an agreed limit which has persisted continuously for 90 days or that there has been an overdrawn position for 90 days continuously without an agreed limit.

CRR (22 Point Scale)	CRR Narratives
	<p>Indications of unlikeliness to pay include:-</p> <ul style="list-style-type: none"> • The placing of a credit obligation on a non accrued status or ceasing taking interest to profits; • The raising of a specific provision or write off or forgiveness of all or part of the debt; • The selling of a material obligation at a material credit-related loss; • A distressed restructuring; • The making of formal demand; • Actual or imminent formal insolvency or voluntary arrangement. <p>N.B. Customers who meet the above criteria must be graded as Grade 9 irrespective of any security cover that may be held.</p>
10.0	<p>The customer is in default as above and further material recovery from any source is considered unlikely. Full write off is anticipated in due course.</p>

On a formal basis, CRRs are reviewed at least annually as part of the Credit Review process. If any event occurs which would result in the deterioration of an established CRR during the period between reviews, the CRR is revised immediately to reflect the prevailing circumstances affecting the credit. The relationship manager is also responsible for ensuring that CRRs are updated promptly on HSBC's reporting systems.

The Securitised Advances comprising Securitised Portfolio at the Sample Data Date will be limited to Securitised Advances drawn under Portfolio Designated Facilities with the Required CRR.

Credit Approval and Relationship Management System

The HSBC Group has implemented a group-wide proprietary system for credit approval and relationship management which integrates all the information normally found in a credit file (including all reports, financial analyses, Credit Proposals and Credit Reviews). This computer-based system, which is in use across CIBM, allows for the maintenance of client information in a screen-based system, provides for expedited access to client information and also records client profitability, monitored on a risk-weighted asset basis.

Annual Credit Review

As detailed above, a complete Credit Review, prepared by the relationship manager, is required for every credit in the portfolio on at least an annual basis. The annual Credit Review is usually prepared as soon

as possible after the release of annual audited financial information by the relevant borrower. The Credit Review is reviewed by the individuals in the credit approval process up to the individual at the level expressly authorised to give the approval for the facility in question; each level of review may result in the relevant individual imposing conditions or changing the terms of the credit to the extent this is within HSBC's discretion in accordance with the relevant contractual arrangements with the relevant borrower.

Portfolio Quality Review

HSBC performs a review of the full CIB portfolio on a half-yearly basis. The reviews are designed to identify any significant industry trends, to reflect these trends properly in facility grade and CRR, and to provide HSBC with information relating to its overall credit position with regard to borrowers in certain affected industries, and may then also be reflected in the lending guidelines.

Internal Audit Reports

In addition to the regularly scheduled reviews of credits within the portfolio and the generation of Credit Review reports, an internal audit department conducts unscheduled reviews of credit files. The HSBC Group audit department is functionally separate from HSBC and CIBM and monitors the operations of all HSBC Group companies. HSBC is accordingly subject to a programme of internal audit visits which monitor the operation of effective internal controls. Frequency of audit is determined by the risk of the business unit. This review occurs on average every 24 months for each industry-specialised team within CIBM. The audit consists of evaluating the adequacy of a sample of credit applications, the appropriateness of the assigned CRR, and the adequacy of documentation relating to loan facilities. After each audit, an executive summary is issued to the Chief Executive and/or the Chief Operating Officer, the Head of Credit & Risk and HSBC Group's functional management.

Delinquencies, Write-Off Procedures and Experience

Delinquency information is monitored daily, is utilised in connection with the day-to-day management by relationship managers of loan facilities and is reflected in the CRR relating to a particular borrower. Delinquencies are a factor in an assessment of a borrower's credit quality but they are not the sole or necessarily leading factor in such assessment.

Although HSBC monitors delinquent amounts (i.e. amounts which are contractually past due) on an individual basis, HSBC does not maintain ongoing or historic records of delinquency information on a portfolio basis. Where necessary, management may enter into restructuring or refinancing arrangements with borrowers or may determine to dispose of or sub-participate the relevant Advance or Portfolio Designated Facility in the secondary market, in order to maximise recoveries of doubtful debts. However, such restructuring, refinancing or disposal arrangements are not necessarily reflected as delinquencies. See "*Risk Factors and Investment Considerations – Reliance on Administration of Securitised Portfolio by HSBC and Ability to Change Terms of a Portfolio Designated Facility or Dispose of Portfolio Designated Facility*".

Under circumstances where the recoverability of a loan to a corporate client has become questionable, HSBC may seek to resolve the situation by working with the borrower to arrive at an acceptable schedule for repayment or in other circumstances may work with the client's other corporate creditors towards an out-of-court restructuring of the borrower's indebtedness. The lending guidelines promulgated at CIB contains procedures for identification, credit management and recovery in relation to problem lending situations. When necessary, HSBC uses an established and dedicated unit of individuals to provide intensive management and control of the borrower relationship to maximise recoveries of doubtful debts; this unit can act together with, or independently of, CIB. CIB may also receive support from the independent Loan Management Unit ("LMU"), which assists with restructuring for problem lending in the context of borrower insolvency.

Multi-creditor restructurings in many jurisdictions follow the Statement of Principles for a Global Approach to Multi-Creditor Workouts, published by the International Federation of Insolvency Professionals in October 2000. The intention of this type of approach is to maximise the value for the company's financial creditors, who are not necessarily constant throughout the process and whose agendas may change. There can be no assurance that the amount ultimately recovered through an out-of-court restructuring utilising this approach will equal what HSBC might otherwise recover had other approaches been employed. See "*Risk Factors and Investment Considerations – Syndicated Loan Facilities*".

In addition, with the improvement in liquidity in the secondary market for distressed bank loans in the last several years, HSBC has increasingly looked to loan sales as an economically viable alternative to

bi-lateral or multi-lateral restructurings. Because a loan sale typically involves a very modest investment of time and resource on the part of the seller, it can be economically sensible to sell a loan at a price lower than that which the seller expects might ultimately be collected in a full restructuring. If HSBC disposes of a Securitised Advance in a secondary sale, the difference, if any, between the principal amount of relevant Securitised Advance and the aggregate amount received by the Issuer in respect thereof will be treated as a Defaulted Amount. Independent of the performance of the Securitised Portfolio, an increase in the rate of secondary dispositions of Securitised Advances relative to restructurings could increase the level of net write-offs in the Securitised Portfolio. See “*Risk Factors and Investment Considerations – Reliance on Administration of Securitised Portfolio by HSBC and Ability to Change Terms of a Portfolio Designated Facility or Dispose of a Portfolio Designated Facility*”.

The following table sets forth the write-off experience of CIB’s total loan portfolio (which, for the avoidance of doubt, includes loans which would not satisfy the Eligibility Criteria).

**Provisioning and Write-Off Experience
(thousands) (Sterling)**

	For the year ended 31 December				For the period ended 31 August
	2001	2002	2003	2004	2005
Average Outstandings loans	10,981,685	10,735,667	11,630,782	9,702,984	10,066,874
Gross write-offs ⁽¹⁾	11,422	102,232	70,775	17,543	13,521
Release of write-offs no longer required ⁽²⁾	(8,406)	(839)	(23,246)	(26,809)	(12,399)
Recovery of amounts written off ⁽³⁾ . . .	(8,238)	(4,963)	(31,195)	(5,972)	(5,977)
Net write-offs	<u>(5,222)</u>	<u>96,431</u>	<u>16,334</u>	<u>(15,238)</u>	<u>(4,855)</u>
Gross write-offs as percentage of outstanding loans	0.10%	0.95%	0.61%	0.18%	0.13%
Net write-offs as percentage of outstanding loans	-0.05%	0.90%	0.14%	-0.16%	-0.05%

- (1) Write-offs made in that period in respect of Loan Facilities in CIB.
- (2) Reductions in write-offs in that period in respect of Loan Facilities in CIB.
- (3) Monies received in that period from Loan Facilities previously written off.

Negative numbers represent a net recovery/release

LOAN PORTFOLIO

On 31 August 2005 (the “**Sample Data Date**”), the Originator selected a sample pool of Advances (the “**Sample Securitised Advances**”) which complied on the Sample Data Date with the Eligibility Criteria. US dollar and euro-denominated Sample Securitised Advances were converted into sterling at exchange rates of 1.8041 and 1.4612, respectively. The below tables give certain statistical information in respect of the Sample Securitised Advances. The Securitised Portfolio will not necessarily include the Sample Securitised Advances and the statistical information set out below does not represent the Securitised Portfolio. The Initial Securitised Advances will be selected on the Closing Date subject to the Eligibility Criteria.

Characteristics of Sample Securitised Advances

Outstanding Balance of Sample Securitised Advances (GBP Equivalent).....	1,992,196,367
Number of Sample Securitised Advances.....	252
Number of Borrowers	99
Largest Sample Securitised Advance (GBP Equivalent).....	49,496,238
Smallest Sample Securitised Advance (GBP Equivalent).....	147,753
Average Sample Securitised Advance (GBP Equivalent).....	7,905,541
Weighted Average Interest Margin on Sample Securitised Advances (%).....	0.68
Weighted Average Remaining Term to Loan Facility Maturity (months) in respect of Loan Facilities under which Sample Securitised Advances are drawn	40

Distribution of Sample Securitised Advances by currency and Weighted Average Margin

Currency	Number of Advances	Amount (GBP Equiv)	Percentage of Total Sample Securitised Advances (%)	Weighted Average Margin
GBP	90	999,817,329	50.19%	0.82%
USD	73	492,500,771	24.72%	0.58%
EUR.....	89	499,878,267	25.09%	0.50%
	252	1,992,196,367		0.68%

Distribution of Sample Securitised Advances by Standard & Poor's Industry Group Classification

Industry	Number of Advances	Amount (GBP Equiv)	Percentage of Total Sample Securitised Advances (%)
1 Aerospace and defense	0	-	0.00%
2 Air Transport	4	3,821,647	0.19%
3 Automotive	12	68,921,381	3.46%
4 Beverage and tobacco	20	159,999,930	8.03%
5 Broadcast radio and television	0	-	0.00%
6 Brokers/dealers/investment houses	0	-	0.00%
7 Building and development	18	159,999,957	8.03%
8 Business equipment and services	18	159,999,986	8.03%
9 Cable and satellite television	0	-	0.00%
10 Chemical/plastics	0	-	0.00%
11 Clothing/textiles	0	-	0.00%
12 Conglomerates	3	41,842,482	2.10%
13 Containers and glass products	5	13,813,953	0.69%
14 Cosmetics/toiletries	0	-	0.00%
15 Drugs	0	-	0.00%
16 Ecological servies and equipment	0	-	0.00%
17 Electronics/electrics	8	69,764,513	3.50%
18 Equipment leasing	0	-	0.00%
19 Farming/agriculture	3	2,196,224	0.11%
20 Financial intermediaries	30	159,397,675	8.00%
21 Food/drug retailers	3	44,550,000	2.24%
22 Food products	6	29,035,735	1.46%
23 Food service	7	54,397,478	2.73%
24 Forest products	1	4,091,964	0.21%
25 Health care	0	-	0.00%
26 Home furnishings	1	8,130,304	0.41%
27 Lodging and casinos	17	156,940,019	7.88%
28 Industrial equipment	11	80,224,618	4.03%
29 Insurance	4	115,589,221	5.80%
30 Leisure goods/activities/movies	2	15,196,675	0.76%
31 Nonferrous metals/minerals	5	24,693,753	1.24%
32 Oil and gas	0	-	0.00%
33 Publishing	6	69,647,213	3.50%
34 Rail industries	4	27,783,871	1.39%
35 Retailers (except food and drug)	22	159,999,916	8.03%
36 Steel	2	17,722,936	0.89%
37 Surface transport	16	140,528,000	7.05%
38 Telecommunications/cellular communications	1	30,606,115	1.54%
39 Utilities	5	13,301,025	0.67%
40 Property Letting	18	159,999,777	8.03%
	<u>252</u>	<u>1,992,196,367</u>	

Distribution of Sample Securitised Advances by Remaining Term to Facility Maturity

<u>Months to Loan Facility Maturity</u>	<u>Number of Advances</u>	<u>Amount (GBP Equiv)</u>	<u>Percentage of Total Sample Securitised Advances (%)</u>
0 - 6.....	10	81,050,410	4.07%
6 - 12.....	16	201,075,036	10.09%
12 - 18.....	25	204,542,089	10.27%
18 - 24.....	7	82,231,019	4.13%
24 - 30.....	27	152,606,553	7.66%
30 - 36.....	8	43,442,886	2.18%
36 - 42.....	10	141,231,243	7.09%
42 - 48.....	17	100,495,947	5.04%
48 - 54.....	58	423,040,563	21.23%
54 - 60.....	58	356,099,205	17.87%
60 - 66.....	3	39,580,200	1.99%
66 - 72.....	3	43,408,464	2.18%
72 - 78.....	2	49,702,818	2.49%
78 - 84.....	4	69,868,287	3.51%
84 - 96.....	4	3,821,647	0.19%
> 96.....	0	-	0.00%
	<u>252</u>	<u>1,992,196,367</u>	

Distribution of Sample Securitised Advances by Borrower

<u>Total Sample Securitised Advances by Borrower (£)</u>	<u>Number of Borrowers</u>	<u>Total Sample Securitised Advances (£)</u>	<u>Average Outstanding per Borrower (£)</u>	<u>Percentage of Total Sample Securitised Advances (%)</u>
- - 5,000,000	18	55,049,254	3,058,292	2.76%
5,000,000 - 10,000,000	16	115,185,349	7,199,084	5.78%
10,000,000 - 15,000,000	10	121,195,658	12,119,566	6.08%
15,000,000 - 20,000,000	12	210,996,006	17,583,000	10.59%
20,000,000 - 25,000,000	9	210,226,467	23,358,496	10.55%
25,000,000 - 30,000,000	8	219,795,712	27,474,464	11.03%
30,000,000 - 35,000,000	6	198,604,484	33,100,747	9.97%
35,000,000 - 40,000,000	6	222,229,387	37,038,231	11.15%
40,000,000 - 45,000,000	6	251,212,500	41,868,750	12.61%
45,000,000 - 50,000,000	8	387,701,549	48,462,694	19.46%
> 50,000,000	-	-	-	0.00%
	<u>99</u>	<u>1,992,196,367</u>	<u>20,123,196</u>	

Distribution of Sample Securitised Advances by CRR

<u>CRR</u>	<u>Number of Advances</u>	<u>Amount (GBP Equiv)</u>	<u>Percentage of Total Sample Securitised Advances (%)</u>
1.1	0	-	0.00%
1.2	1	49,496,238	2.48%
2.1	22	197,475,638	9.91%
2.2	19	135,696,053	6.81%
3.1	48	345,441,519	17.34%
3.2	66	541,148,778	27.16%
3.3	60	489,485,884	24.57%
4.1	14	130,982,792	6.57%
4.2	22	102,469,464	5.14%
4.3	0	-	0.00%
5.1	0	-	0.00%
5.2	0	-	0.00%
5.3	0	-	0.00%
6.1	0	-	0.00%
6.2	0	-	0.00%
7.1	0	-	0.00%
7.2	0	-	0.00%
8.1	0	-	0.00%
8.2	0	-	0.00%
8.3	0	-	0.00%
9.0	0	-	0.00%
10.0	0	-	0.00%
	<u>252</u>	<u>1,992,196,367</u>	

Distribution of Sample Securitised Advances by Borrower Country of Incorporation

<u>Country</u>	<u>Number of Advances</u>	<u>Amount (GBP Equiv)</u>	<u>Percentage of Total Sample Securitised Advances (%)</u>
GB United Kingdom	209	1,598,004,539	80.21%
VG British Virgin Islands	7	53,239,673	2.67%
JE Jersey	6	62,030,074	3.11%
BM Bermuda	5	86,024,283	4.32%
NL Netherlands	25	192,897,799	9.68%
	<u>252</u>	<u>1,992,196,367</u>	

Breakdown of Sample Securitised Advances

<u>Customer Number</u>	<u>Margin (%)</u>	<u>Facility Maturity Date</u>	<u>Currency</u>	<u>Amount</u>	<u>CRR</u>	<u>Industry (S&P Industry Code)</u>	<u>Percentage of Loan included</u>	<u>Exchange Rate Used</u>	<u>Effective Amounts (GBP)</u>
52	0.9	22/11/2005	GBP	6,000,000	3.3	Lodging and casinos	99.000%	1.0000	5,940,000
52	0.9	22/11/2005	GBP	10,000,000	3.3	Lodging and casinos	99.000%	1.0000	9,900,000
52	0.9	22/11/2005	GBP	10,000,000	3.3	Lodging and casinos	99.000%	1.0000	9,900,000
52	0.9	22/11/2005	GBP	3,500,000	3.3	Lodging and casinos	99.000%	1.0000	3,465,000
58	0.75	30/11/2006	GBP	2,000,000	3.3	Property Letting	99.000%	1.0000	1,980,000
58	0.75	30/11/2006	GBP	2,900,000	3.3	Property Letting	99.000%	1.0000	2,871,000
52	0.9	22/11/2005	GBP	7,350,000	3.3	Lodging and casinos	99.000%	1.0000	7,276,500
51	0.1511	18/10/2006	EUR	10,000,000	2.2	Beverage and tobacco	99.000%	1.4612	6,775,253
31	0.68	14/06/2006	USD	65,000,000	3.3	Electronics/electrics	99.000%	1.8041	35,668,755
60	0.92	30/09/2010	GBP	17,250,000	4.1	Lodging and casinos	99.000%	1.0000	17,077,500
60	0.92	30/09/2010	GBP	17,250,000	4.1	Lodging and casinos	99.000%	1.0000	17,077,500

Customer Number	Margin (%)	Facility Maturity Date	Currency	Amount	CRR	Industry (S&P Industry Code)	Percentage of Loan included	Exchange Rate Used	Effective Amounts (GBP)
70	0.8	06/12/2006	GBP	20,000,000	3.3	Property Letting	99.000%	1.0000	19,800,000
70	0.8	01/12/2005	GBP	9,306,492	3.3	Property Letting	99.000%	1.0000	9,213,427
36	0.42	14/02/2007	GBP	10,000,000	2.2	Retailers (except food and drug)	99.000%	1.0000	9,900,000
78	1.125	25/02/2007	GBP	21,666,667	4.1	Building and development	99.000%	1.0000	21,450,000
72	1	30/05/2007	GBP	23,900,000	3.3	Lodging and casinos	99.000%	1.0000	23,661,000
19	0.6	17/06/2007	USD	10,000,000	2.1	Nonferrous metals/minerals	99.000%	1.8041	5,487,501
19	0.6	17/06/2007	USD	8,333,333	2.1	Nonferrous metals/minerals	99.000%	1.8041	4,572,917
19	0.6	17/06/2007	USD	8,333,333	2.1	Nonferrous metals/minerals	99.000%	1.8041	4,572,917
19	0.6	17/06/2007	USD	8,333,333	2.1	Nonferrous metals/minerals	99.000%	1.8041	4,572,917
19	0.6	17/06/2007	USD	10,000,000	2.1	Nonferrous metals/minerals	99.000%	1.8041	5,487,501
83	0.7108	06/08/2009	GBP	10,856,640	2.2	Property Letting	99.000%	1.0000	10,748,074
14	1.7513	23/09/2006	EUR	5,752,085	4.2	Automotive	99.000%	1.4612	3,897,183
14	1.7513	23/09/2006	USD	4,695,000	4.2	Automotive	99.000%	1.8041	2,576,382
21	0.65	06/05/2008	EUR	3,000,000	2.2	Property Letting	99.000%	1.4612	2,032,576
32	0.8	12/11/2009	GBP	30,000,000	3.2	Property Letting	99.000%	1.0000	29,700,000
32	0.8	12/11/2009	GBP	20,000,000	3.2	Property Letting	99.000%	1.0000	19,800,000
11	0.25	11/12/2007	EUR	2,500,000	2.1	Surface transport	99.000%	1.4612	1,693,813
21	0.6511	02/01/2008	EUR	3,132,530	2.2	Property Letting	99.000%	1.4612	2,122,368
21	0.5011	02/01/2008	USD	14,650,602	2.2	Property Letting	99.000%	1.8041	8,039,519
21	0.5011	02/01/2008	EUR	2,409,639	2.2	Property Letting	99.000%	1.4612	1,632,591
21	0.5011	02/01/2008	USD	10,240,964	2.2	Property Letting	99.000%	1.8041	5,619,730
21	0.5	02/01/2008	GBP	4,337,349	2.2	Property Letting	99.000%	1.0000	4,293,976
21	0.5	02/01/2008	GBP	2,409,639	2.2	Property Letting	99.000%	1.0000	2,385,542
79	0.35	23/12/2007	GBP	4,190,505	3.3	Rail industries	99.000%	1.0000	4,148,600
79	0.35	23/12/2007	GBP	4,190,505	3.3	Rail industries	99.000%	1.0000	4,148,600
79	0.35	23/12/2007	GBP	8,381,010	3.3	Rail industries	99.000%	1.0000	8,297,200
79	0.35	23/12/2007	GBP	11,302,495	3.3	Rail industries	99.000%	1.0000	11,189,470
95	0.6513	24/05/2006	EUR	331,154	3.1	Farming/agriculture	99.000%	1.4612	224,365
95	0.6513	24/05/2006	EUR	218,077	3.1	Farming/agriculture	99.000%	1.4612	147,753
95	0.6513	24/05/2006	EUR	2,692,308	3.1	Farming/agriculture	99.000%	1.4612	1,824,107
76	0.5011	24/05/2009	EUR	5,464,286	3.1	Business equipment and services	99.000%	1.4612	3,702,192
76	0.5011	24/05/2009	USD	21,771,429	3.1	Business equipment and services	99.000%	1.8041	11,947,073
74	1.5017	30/06/2006	USD	7,010,072	4.2	Automotive	99.000%	1.8041	3,846,777
74	1.5017	30/06/2006	EUR	2,782,399	4.2	Automotive	99.000%	1.4612	1,885,146
74	2.2517	31/12/2007	USD	13,532,070	4.2	Automotive	99.000%	1.8041	7,425,724
74	2.2517	31/12/2007	EUR	9,002,916	4.2	Automotive	99.000%	1.4612	6,099,703
44	1.5013	05/05/2009	USD	13,000,000	3.2	Electronics/electrics	99.000%	1.8041	7,133,751
44	1.7513	05/05/2009	EUR	1,300,000	3.2	Electronics/electrics	99.000%	1.4612	880,783
93	0.65	10/12/2008	EUR	70,000,000	3.3	Surface transport	99.000%	1.4612	47,426,773
67	0.475	28/06/2009	EUR	4,180,571	3.1	Food products	99.000%	1.4612	2,832,443
37	0.3261	02/07/2009	USD	5,449,102	4.1	Surface transport	99.000%	1.8041	2,990,195
37	0.3261	02/07/2009	USD	700,599	4.1	Surface transport	99.000%	1.8041	384,454
37	0.3261	02/07/2009	EUR	6,694,611	4.1	Surface transport	99.000%	1.4612	4,535,768
37	0.3261	02/07/2009	EUR	5,127,778	4.1	Surface transport	99.000%	1.4612	3,474,199
89	0.4011	01/08/2007	EUR	50,000,000	3.2	Building and development	99.000%	1.4612	33,876,266
8	1.25	14/07/2009	GBP	17,300,000	3.2	Financial intermediaries	99.000%	1.0000	17,127,000
87	0.375	02/09/2009	GBP	6,800,000	3.1	Building and development	99.000%	1.0000	6,732,000
66	0.6511	17/09/2009	USD	1,905,882	3.2	Building and development	99.000%	1.8041	1,045,853

Customer Number	Margin (%)	Facility Maturity Date	Currency	Amount	CRR	Industry (S&P Industry Code)	Percentage of Loan included	Exchange Rate Used	Effective Amounts (GBP)
34	0.5	30/09/2005	EUR	21,000,000	2.2	Industrial equipment	99.000%	1.4612	14,228,032
34	0.5	30/09/2005	USD	3,650,000	2.2	Industrial equipment	99.000%	1.8041	2,002,938
34	0.5	30/09/2005	EUR	11,500,000	2.2	Industrial equipment	99.000%	1.4612	7,791,541
17	0.35	30/09/2009	GBP	4,666,667	3.1	Retailers (except food and drug)	99.000%	1.0000	4,620,000
68	0.4013	24/09/2009	EUR	3,750,000	3.2	Retailers (except food and drug)	99.000%	1.4612	2,540,720
68	0.4013	24/09/2009	EUR	6,000,000	3.2	Retailers (except food and drug)	99.000%	1.4612	4,065,152
68	0.4013	24/09/2009	EUR	2,250,000	3.2	Retailers (except food and drug)	99.000%	1.4612	1,524,432
30	0.375	05/10/2009	USD	34,000,000	3.2	Publishing	99.000%	1.8041	18,657,502
16	0.4013	28/09/2009	USD	5,392,904	2.1	Retailers (except food and drug)	99.000%	1.8041	2,959,356
16	0.4013	28/09/2009	USD	760,942	2.1	Retailers (except food and drug)	99.000%	1.8041	417,567
47	0.6	01/10/2006	GBP	20,000,000	3.3	Retailers (except food and drug)	99.000%	1.0000	19,800,000
33	0.6	01/10/2009	GBP	10,528,571	2.1	Building and development	99.000%	1.0000	10,423,286
33	0.6	01/10/2009	GBP	1,571,429	2.1	Building and development	99.000%	1.0000	1,555,714
57	0.8	30/09/2007	GBP	2,166,667	3.3	Building and development	99.000%	1.0000	2,145,000
57	0.8	30/09/2007	GBP	2,166,667	3.3	Building and development	99.000%	1.0000	2,145,000
57	0.8	30/09/2007	GBP	6,933,333	3.3	Building and development	99.000%	1.0000	6,864,000
57	0.8	30/09/2007	GBP	2,166,667	3.3	Building and development	99.000%	1.0000	2,145,000
98	0.6	27/07/2009	USD	39,488,636	3.2	Beverage and tobacco	99.000%	1.8041	21,669,392
98	0.5	27/07/2009	USD	1,421,591	3.2	Beverage and tobacco	99.000%	1.8041	780,098
15	1.25	07/10/2009	GBP	17,500,000	3.1	Food/drug retailers	99.000%	1.0000	17,325,000
15	1.25	07/10/2009	GBP	5,000,000	3.1	Food/drug retailers	99.000%	1.0000	4,950,000
15	1.25	07/10/2009	GBP	22,500,000	3.1	Food/drug retailers	99.000%	1.0000	22,275,000
52	0.9	13/10/2005	GBP	11,447,447	3.3	Lodging and casinos	99.000%	1.0000	11,332,973
25	0.3513	16/09/2009	EUR	8,129,032	3.2	Surface transport	99.000%	1.4612	5,507,625
25	0.3513	16/09/2009	EUR	5,585,290	3.2	Surface transport	99.000%	1.4612	3,784,176
25	0.3513	16/09/2009	EUR	4,458,355	3.2	Surface transport	99.000%	1.4612	3,020,648
96	0.325	20/10/2009	EUR	7,265,625	3.3	Conglomerates	99.000%	1.4612	4,922,645
96	0.325	20/10/2009	EUR	27,246,094	3.3	Conglomerates	99.000%	1.4612	18,459,918
96	0.325	20/10/2009	EUR	27,246,094	3.3	Conglomerates	99.000%	1.4612	18,459,918
97	0.175	06/10/2006	EUR	5,909,091	3.1	Financial intermediaries	99.000%	1.4612	4,003,559
97	0.175	06/10/2006	EUR	12,727,273	3.1	Financial intermediaries	99.000%	1.4612	8,623,050
97	0.175	06/10/2006	EUR	5,909,091	3.1	Financial intermediaries	99.000%	1.4612	4,003,559
97	0.175	06/10/2006	EUR	5,909,091	3.1	Financial intermediaries	99.000%	1.4612	4,003,559
97	0.175	06/10/2006	USD	9,090,909	3.1	Financial intermediaries	99.000%	1.8041	4,988,637
97	0.175	06/10/2006	EUR	12,727,273	3.1	Financial intermediaries	99.000%	1.4612	8,623,050
97	0.175	06/10/2006	GBP	9,090,910	3.1	Financial intermediaries	99.000%	1.0000	9,000,001
97	0.175	06/10/2006	USD	8,378,305	3.1	Financial intermediaries	99.000%	1.8041	4,597,596
88	0.4263	09/11/2009	USD	3,906,250	3.2	Lodging and casinos	99.000%	1.8041	2,143,555
88	0.4263	09/11/2009	USD	11,718,750	3.2	Lodging and casinos	99.000%	1.8041	6,430,665
88	0.4263	09/11/2009	EUR	7,812,500	3.2	Lodging and casinos	99.000%	1.4612	5,293,167
88	0.4263	09/11/2009	EUR	3,906,250	3.2	Lodging and casinos	99.000%	1.4612	2,646,583

Customer Number	Margin (%)	Facility Maturity Date	Currency	Amount	CRR	Industry (S&P Industry Code)	Percentage of Loan included	Exchange Rate Used	Effective Amounts (GBP)
88	0.4263	09/11/2009	USD	12,050,781	3.2	Lodging and casinos	99.000%	1.8041	6,612,867
88	0.4263	09/11/2009	EUR	27,167,969	3.2	Lodging and casinos	99.000%	1.4612	18,406,987
69	0.2763	16/11/2009	EUR	5,556,673	2.2	Utilities	99.000%	1.4612	3,764,786
69	0.2763	16/11/2009	EUR	977,778	2.2	Utilities	99.000%	1.4612	662,469
49	0.4013	30/11/2009	USD	16,666,667	3.3	Surface transport	99.000%	1.8041	9,145,834
49	0.4013	30/11/2009	USD	8,333,333	3.3	Surface transport	99.000%	1.8041	4,572,917
5	0.325	23/11/2007	USD	10,000,000	3.1	Industrial equipment	99.000%	1.8041	5,487,501
62	0.6	02/12/2009	EUR	2,925,000	3.1	Food products	99.000%	1.4612	1,981,762
62	0.6	02/12/2009	EUR	13,000,000	3.1	Food products	99.000%	1.4612	8,807,829
62	0.6	02/12/2009	EUR	9,750,000	3.1	Food products	99.000%	1.4612	6,605,872
84	0.6	13/12/2011	USD	37,000,000	2.1	Surface transport	99.000%	1.8041	20,303,753
94	1.25	31/12/2007	GBP	8,333,333	3.3	Automotive	99.000%	1.0000	8,250,000
23	0.3261	22/12/2009	USD	7,456,881	3.1	Forest products	99.000%	1.8041	4,091,964
98	0.6	13/10/2009	EUR	20,474,474	3.2	Beverage and tobacco	99.000%	1.4612	13,871,975
12	0.8011	25/01/2010	EUR	1,350,000	3.2	Electronics/electrics	99.000%	1.4612	914,659
12	0.8011	25/01/2010	EUR	900,000	3.2	Electronics/electrics	99.000%	1.4612	609,773
12	0.8011	25/01/2010	USD	2,250,000	3.2	Electronics/electrics	99.000%	1.8041	1,234,688
12	0.8011	25/01/2010	EUR	4,050,000	3.2	Electronics/electrics	99.000%	1.4612	2,743,978
24	0.45	07/02/2010	GBP	10,000,000	2.1	Building and development	99.000%	1.0000	9,900,000
20	0.325	11/02/2010	USD	747,854	4.2	Beverage and tobacco	99.000%	1.8041	410,385
20	0.325	11/02/2010	USD	4,312,521	4.2	Beverage and tobacco	99.000%	1.8041	2,366,496
20	0.325	11/02/2010	EUR	3,399,334	4.2	Beverage and tobacco	99.000%	1.4612	2,303,135
92	0.5011	15/12/2009	USD	33,077,778	3.1	Business equipment and services	99.000%	1.8041	18,151,433
61	0.3763	10/02/2010	EUR	7,692,308	3.1	Beverage and tobacco	99.000%	1.4612	5,211,733
61	0.3763	10/02/2010	EUR	11,538,462	3.1	Beverage and tobacco	99.000%	1.4612	7,817,600
61	0.3763	10/02/2010	EUR	13,461,538	3.1	Beverage and tobacco	99.000%	1.4612	9,120,533
61	0.3763	10/02/2010	EUR	11,538,462	3.1	Beverage and tobacco	99.000%	1.4612	7,817,600
61	0.3763	10/02/2010	USD	2,076,923	3.1	Beverage and tobacco	99.000%	1.8041	1,139,712
61	0.3763	10/02/2010	EUR	3,846,154	3.1	Beverage and tobacco	99.000%	1.4612	2,605,867
86	0.3	28/02/2008	GBP	4,736,842	3.3	Financial intermediaries	99.000%	1.0000	4,689,474
86	0.3	28/02/2008	GBP	4,736,842	3.3	Financial intermediaries	99.000%	1.0000	4,689,474
86	0.3	28/02/2008	GBP	4,736,842	3.3	Financial intermediaries	99.000%	1.0000	4,689,474
86	0.3	28/02/2008	GBP	5,526,316	3.3	Financial intermediaries	99.000%	1.0000	5,471,053
86	0.3	28/02/2008	GBP	5,526,316	3.3	Financial intermediaries	99.000%	1.0000	5,471,053
86	0.3	28/02/2008	GBP	4,736,842	3.3	Financial intermediaries	99.000%	1.0000	4,689,474
64	0.725	03/03/2010	EUR	12,672,000	3.2	Business equipment and services	99.000%	1.4612	8,585,601
64	0.725	03/03/2010	USD	10,240,000	3.2	Business equipment and services	99.000%	1.8041	5,619,201
64	0.725	03/03/2010	EUR	10,240,000	3.2	Business equipment and services	99.000%	1.4612	6,937,859
64	0.725	03/03/2010	USD	5,120,000	3.2	Business equipment and services	99.000%	1.8041	2,809,600
64	0.725	03/03/2010	USD	7,680,000	3.2	Business equipment and services	99.000%	1.8041	4,214,401
64	0.725	03/03/2010	USD	2,560,000	3.2	Business equipment and services	99.000%	1.8041	1,404,800
64	0.725	03/03/2010	USD	5,120,000	3.2	Business equipment and services	99.000%	1.8041	2,809,600
64	0.725	03/03/2010	EUR	8,704,000	3.2	Business equipment and services	99.000%	1.4612	5,897,180
64	0.725	03/03/2010	EUR	3,840,000	3.2	Business equipment and services	99.000%	1.4612	2,601,697

<u>Customer Number</u>	<u>Margin (%)</u>	<u>Facility Maturity Date</u>	<u>Currency</u>	<u>Amount</u>	<u>CRR</u>	<u>Industry (S&P Industry Code)</u>	<u>Percentage of Loan included</u>	<u>Exchange Rate Used</u>	<u>Effective Amounts (GBP)</u>
53	0.6511	24/03/2010	EUR	10,714,286	4.2	Retailers (except food and drug)	99.000%	1.4612	7,259,200
53	0.6511	24/03/2010	USD	3,571,429	4.2	Retailers (except food and drug)	99.000%	1.8041	1,959,822
53	0.6511	24/03/2010	USD	7,142,857	4.2	Retailers (except food and drug)	99.000%	1.8041	3,919,643
53	0.6511	24/03/2010	EUR	3,571,429	4.2	Retailers (except food and drug)	99.000%	1.4612	2,419,733
71	1.0011	06/04/2010	EUR	4,573,171	3.3	Financial intermediaries	99.000%	1.4612	3,098,439
71	1.0011	06/04/2010	EUR	1,219,512	3.3	Financial intermediaries	99.000%	1.4612	826,250
71	1.0011	06/04/2010	USD	2,439,024	3.3	Financial intermediaries	99.000%	1.8041	1,338,415
71	1.0011	06/04/2010	EUR	914,634	3.3	Financial intermediaries	99.000%	1.4612	619,688
71	1.0011	06/04/2010	EUR	3,963,415	3.3	Financial intermediaries	99.000%	1.4612	2,685,314
71	1.0011	06/04/2010	USD	5,182,927	3.3	Financial intermediaries	99.000%	1.8041	2,844,131
71	1.0011	06/04/2010	EUR	2,439,024	3.3	Financial intermediaries	99.000%	1.4612	1,652,501
71	1.0011	06/04/2010	EUR	1,524,390	3.3	Financial intermediaries	99.000%	1.4612	1,032,813
71	1.0011	06/04/2010	EUR	2,743,902	3.3	Financial intermediaries	99.000%	1.4612	1,859,063
71	1.0011	06/04/2010	EUR	1,524,390	3.3	Financial intermediaries	99.000%	1.4612	1,032,813
56	0.4763	07/04/2010	USD	25,124,728	4.2	Steel	99.000%	1.8041	13,787,196
56	0.4763	07/04/2010	USD	7,172,189	4.2	Steel	99.000%	1.8041	3,935,739
44	1.5013	04/05/2006	USD	37,500,000	3.2	Electronics/electrics	99.000%	1.8041	20,578,128
3	1.125	02/05/2006	GBP	25,000,000	3.1	Retailers (except food and drug)	99.000%	1.0000	24,750,000
82	0.5	06/05/2010	EUR	3,787,440	3.2	Industrial equipment	99.000%	1.4612	2,566,086
46	0.525	11/05/2010	GBP	16,666,667	3.2	Beverage and tobacco	99.000%	1.0000	16,500,000
46	0.525	11/05/2010	GBP	6,666,667	3.2	Beverage and tobacco	99.000%	1.0000	6,600,000
46	0.525	11/05/2010	GBP	10,000,000	3.2	Beverage and tobacco	99.000%	1.0000	9,900,000
46	0.525	11/05/2010	GBP	8,333,333	3.2	Beverage and tobacco	99.000%	1.0000	8,250,000
40	0.2761	14/04/2010	USD	3,964,854	3.3	Food service	99.000%	1.8041	2,175,714
40	0.2761	14/04/2010	EUR	2,279,791	3.3	Food service	99.000%	1.4612	1,544,616
40	0.2761	14/04/2010	EUR	6,608,089	3.3	Food service	99.000%	1.4612	4,477,148
42	0.3761	12/05/2010	EUR	12,000,000	3.3	Home furnishings	99.000%	1.4612	8,130,304
50	0.3261	19/05/2011	EUR	30,461,538	3.2	Publishing	99.000%	1.4612	20,638,464
29	1.7602	31/10/2008	GBP	2,500,000	4.1	Utilities	99.000%	1.0000	2,475,000
29	1.7602	31/10/2008	GBP	2,562,500	4.1	Utilities	99.000%	1.0000	2,536,875
59	1	07/07/2006	GBP	10,867,969	3.2	Building and development	99.000%	1.0000	10,759,289
73	0.2011	27/06/2010	USD	18,181,818	3.2	Automotive	99.000%	1.8041	9,977,274
73	0.2011	27/06/2010	EUR	9,090,909	3.2	Automotive	99.000%	1.4612	6,159,321
73	0.2011	27/06/2010	EUR	9,090,909	3.2	Automotive	99.000%	1.4612	6,159,321
73	0.2011	27/06/2010	EUR	9,090,909	3.2	Automotive	99.000%	1.4612	6,159,321
73	0.2011	27/06/2010	USD	11,818,182	3.2	Automotive	99.000%	1.8041	6,485,228
48	0.5011	24/06/2010	EUR	705,882	4.1	Surface transport	99.000%	1.4612	478,253
48	0.3511	24/06/2010	USD	3,240,000	4.1	Surface transport	99.000%	1.8041	1,777,950
85	0.95	30/10/2007	GBP	11,000,000	4.2	Property Letting	99.000%	1.0000	10,890,000
75	1.0107	15/07/2010	GBP	3,302,400	3.2	Business equipment and services	99.000%	1.0000	3,269,376
75	1.0107	15/07/2010	GBP	23,220,000	3.2	Business equipment and services	99.000%	1.0000	22,987,800
39	0.575	14/07/2008	USD	16,000,000	2.2	Retailers (except food and drug)	99.000%	1.8041	8,780,001

<u>Customer Number</u>	<u>Margin (%)</u>	<u>Facility Maturity Date</u>	<u>Currency</u>	<u>Amount</u>	<u>CRR</u>	<u>Industry (S&P Industry Code)</u>	<u>Percentage of Loan included</u>	<u>Exchange Rate Used</u>	<u>Effective Amounts (GBP)</u>
22	0.4	01/07/2010	GBP	20,000,000	3.2	Business equipment and services	99.000%	1.0000	19,800,000
9	0.4852	30/08/2010	GBP	3,037,975	2.2	Building and development	99.000%	1.0000	3,007,595
13	0.9602	22/07/2010	GBP	14,761,905	3.3	Publishing	99.000%	1.0000	14,614,286
13	0.9511	22/07/2010	EUR	6,150,794	3.3	Publishing	99.000%	1.4612	4,167,318
13	0.9602	22/07/2010	GBP	5,535,714	3.3	Publishing	99.000%	1.0000	5,480,357
13	0.95	22/07/2010	GBP	6,150,794	3.3	Publishing	99.000%	1.0000	6,089,286
10	0.3101	31/03/2006	GBP	16,666,667	2.1	Food service	99.000%	1.0000	16,500,000
10	0.3102	31/03/2006	GBP	13,333,333	2.1	Food service	99.000%	1.0000	13,200,000
10	0.3	31/03/2006	GBP	11,666,667	2.1	Food service	99.000%	1.0000	11,550,000
10	0.3101	31/03/2006	GBP	5,000,000	2.1	Food service	99.000%	1.0000	4,950,000
7	0.3352	13/07/2010	GBP	2,325,581	3.1	Containers and glass products	99.000%	1.0000	2,302,326
7	0.3352	13/07/2010	GBP	2,325,581	3.1	Containers and glass products	99.000%	1.0000	2,302,326
7	0.3353	13/07/2010	GBP	2,325,581	3.1	Containers and glass products	99.000%	1.0000	2,302,326
7	0.3352	13/07/2010	GBP	4,651,163	3.1	Containers and glass products	99.000%	1.0000	4,604,651
7	0.3353	13/07/2010	GBP	2,325,581	3.1	Containers and glass products	99.000%	1.0000	2,302,326
27	0.375	01/08/2008	EUR	5,700,000	3.2	Utilities	99.000%	1.4612	3,861,894
77	0.6	12/07/2011	GBP	20,500,000	3.3	Financial intermediaries	99.000%	1.0000	20,295,000
77	0.6	12/07/2011	GBP	2,500,000	3.3	Financial intermediaries	99.000%	1.0000	2,475,000
45	0.6601	09/08/2010	GBP	35,500,000	2.1	Beverage and tobacco	99.000%	1.0000	35,145,000
41	0.435	16/08/2010	GBP	3,409,091	2.1	Building and development	99.000%	1.0000	3,375,000
1	0.75	18/08/2010	GBP	33,448,733	3.2	Industrial equipment	99.000%	1.0000	33,114,245
1	0.7511	18/08/2010	USD	5,000,000	3.2	Industrial equipment	99.000%	1.8041	2,743,750
38	0.85	31/07/2006	GBP	5,000,000	3.1	Financial intermediaries	99.000%	1.0000	4,950,000
26	0.25	23/08/2012	USD	47,015,625	3.3	Business equipment and services	99.000%	1.8041	25,799,827
26	0.26	23/08/2012	GBP	6,562,500	3.3	Business equipment and services	99.000%	1.0000	6,496,875
4	0.4	12/12/2012	USD	1,440,297	3.2	Air Transport	99.000%	1.8041	790,363
4	0.4	12/12/2012	USD	2,191,910	3.2	Air Transport	99.000%	1.8041	1,202,811
4	0.4	12/12/2012	USD	2,205,679	3.2	Air Transport	99.000%	1.8041	1,210,366
4	0.4	12/12/2012	USD	1,126,391	3.2	Air Transport	99.000%	1.8041	618,107
99	1	20/06/2006	GBP	752,000	3.3	Building and development	99.000%	1.0000	744,480
81	3	14/04/2012	GBP	30,915,267	4.1	Telecommunications/cellular communications	99.000%	1.0000	30,606,115
68	0.5013	15/07/2008	EUR	21,082,601	3.2	Retailers (except food and drug)	99.000%	1.4612	14,283,996
68	0.5013	15/07/2008	EUR	3,513,767	3.2	Retailers (except food and drug)	99.000%	1.4612	2,380,666
65	1	17/12/2008	GBP	40,377,778	3.1	Insurance	99.000%	1.0000	39,974,000
6	0.25083	18/12/2008	USD	5,175,000	3.1	Retailers (except food and drug)	99.000%	1.8041	2,839,782
6	0.25083	18/12/2008	USD	17,250,000	3.1	Retailers (except food and drug)	99.000%	1.8041	9,465,939
6	0.25084	18/12/2008	USD	3,105,000	3.1	Retailers (except food and drug)	99.000%	1.8041	1,703,869
6	0.25084	18/12/2008	USD	5,606,250	3.1	Retailers (except food and drug)	99.000%	1.8041	3,076,430
63	0.4011	02/04/2009	EUR	6,171,428	4.2	Industrial equipment	99.000%	1.4612	4,181,299
63	0.4011	02/04/2009	USD	3,771,429	4.2	Industrial equipment	99.000%	1.8041	2,069,572

Customer Number	Margin (%)	Facility Maturity Date	Currency	Amount	CRR	Industry (S&P Industry Code)	Percentage of Loan included	Exchange Rate Used	Effective Amounts (GBP)
63	0.4011	02/04/2009	EUR	4,114,286	4.2	Industrial equipment	99.000%	1.4612	2,787,533
63	0.4011	02/04/2009	EUR	4,800,000	4.2	Industrial equipment	99.000%	1.4612	3,252,122
55	0.7	30/09/2008	EUR	3,000,000	3.2	Surface transport	99.000%	1.4612	2,032,576
35	0.8513	20/06/2008	USD	4,242,424	3.3	Building and development	99.000%	1.8041	2,328,031
80	0.3011	08/03/2008	EUR	10,000,000	2.1	Lodging and casinos	99.000%	1.4612	6,775,253
80	0.3011	08/03/2008	EUR	4,428,571	2.1	Lodging and casinos	99.000%	1.4612	3,000,469
90	1	04/11/2008	GBP	30,000,000	3.1	Retailers (except food and drug)	99.000%	1.0000	29,700,000
91	0.75	17/11/2010	GBP	5,480,000	3.2	Property Letting	99.000%	1.0000	5,425,200
18	0.45	13/11/2006	USD	14,324,096	4.2	Leisure goods/activities/movies	99.000%	1.8041	7,860,349
18	0.45	13/11/2006	USD	13,369,157	4.2	Leisure goods/activities/movies	99.000%	1.8041	7,336,326
2	0.4013	21/12/2009	USD	75,000,000	2.2	Building and development	99.000%	1.8041	41,156,255
54	0.95	02/10/2006	GBP	21,000,000	3.2	Property Letting	99.000%	1.0000	20,790,000
28	1.25	06/10/2006	GBP	11,992,187	4.1	Insurance	99.000%	1.0000	11,872,265
28	1.25	06/10/2006	GBP	14,390,624	4.1	Insurance	99.000%	1.0000	14,246,718
62	0.6	02/12/2009	EUR	9,750,000	3.1	Food products	99.000%	1.4612	6,605,872
62	0.6	02/12/2009	EUR	3,250,000	3.1	Food products	99.000%	1.4612	2,201,957
51	0.1511	18/10/2006	EUR	1,111,111	2.2	Beverage and tobacco	99.000%	1.4612	752,806
16	0.4013	28/09/2009	USD	5,576,923	2.1	Retailers (except food and drug)	52.846%	1.8041	1,633,608
84	0.6	13/12/2011	USD	58,000,000	2.1	Surface transport	91.446%	1.8041	29,399,065
26	0.25	23/08/2012	USD	16,781,250	3.3	Business equipment and services	74.884%	1.8041	6,965,470
43	0.35	03/08/2006	GBP	103,000,000	1.2	Insurance	48.055%	1.0000	49,496,238
54	0.95	02/10/2006	GBP	3,000,000	3.2	Property Letting	88.526%	1.0000	2,655,774
66	0.6511	17/09/2009	USD	811,765	3.2	Building and development	77.161%	1.8041	347,188
61	0.3763	10/02/2010	EUR	3,846,154	3.1	Beverage and tobacco	36.561%	1.4612	962,347
97	0.175	06/10/2006	GBP	6,818,182	3.1	Financial intermediaries	31.314%	1.0000	2,135,025
86	0.3	28/02/2008	GBP	51,157,895	3.3	Financial intermediaries	34.957%	1.0000	17,883,214

MATURITY ASSUMPTIONS

The weighted average lives of the Notes cannot be stated accurately, because the actual rate of repayment of the Securitised Advances and a number of other relevant factors are unknown. Calculations of the possible weighted average lives of the Notes can be made, however, based on certain assumptions. The assumptions used to calculate the possible average lives of the Rated Notes in the following tables are that:

- (a) all payments due on the Securitised Advances (of both interest and principal) after the Closing Date are received as scheduled;
- (b) the Securitised Advances repay at the specified “Monthly Repayment Rate” (set forth below) each month relative to the outstanding principal balance at the start of the relevant month, subject to a maximum maturity of the tenth anniversary of the Closing Date;
- (c) no amounts are standing to any Principal Deficiency Ledger at any time, the Security is not enforced and no event occurs that would cause payments of interest on the B Notes, the C Notes, the D Notes or the E Notes to be deferred;
- (d) No adverse credit event that affects the amortisation of the Notes occurs;
- (e) The Closing Date is 23 November 2005;
- (f) the Interest Payments Dates with respect to the Notes are on the 10th day of February, May, August and November irrespective of whether such day is a Business Day or not;
- (g) the first Interest Payment Date falls in February 2006;
- (h) interest on the Notes is always calculated on the basis of actual days elapsed in a 365-day year (without adjustment);
- (i) the initial Principal Amount Outstanding of the Notes are A Notes (£1,700,000,000), B Notes (£70,000,000), C Notes (£70,000,000), D Notes (£70,000,000), E Notes (£50,000,000), F Notes (£40,000,000).

Based upon the foregoing and following assumptions, the approximate average lives of the Notes, at various constant payment rates for the Securitised Advances, would be as follows:

Weighted-Average Life (Years)

Assumptions:

- (i) **The first Substitution Period End Trigger occurs immediately following the Interest Payment Date falling in November 2009, the Substitution Period does not re-occur, and all available Principal Collections received during the Substitution Period are used to acquire a beneficial interest in Substitute Advances;**
- (ii) **The Issuer exercises its option to redeem the Notes when the then Total Portfolio Balance is less than ten per cent. of the Total Portfolio Balance calculated as at the Closing Date**

	Monthly Repayment Rate				
	<u>2.50%</u>	<u>5.00%</u>	<u>7.50%</u>	<u>10.00%</u>	<u>12.50%</u>
A Notes	6.28	5.18	4.81	4.62	4.52
B Notes	10.22	7.37	6.27	5.72	5.35
C Notes	10.22	7.86	6.59	5.93	5.54
D Notes	10.22	7.97	6.72	6.22	5.72
E Notes	10.22	7.97	6.72	6.22	5.72

Weighted-Average Life (Years)

Assumptions:

- (i) **The Substitution Period End Trigger occurs immediately following the Interest Payment Date falling in November 2009, the Substitution Period does not re-occur, and all available Principal Collections received during the Substitution Period are used to acquire a beneficial interest in Substitute Advances;**
- (ii) **The Issuer does not exercise its option to redeem the Notes when the then Total Portfolio Balance is less than ten per cent. of the Total Portfolio Balance calculated as at the Closing Date**

	Monthly Repayment Rate				
	<u>2.50%</u>	<u>5.00%</u>	<u>7.50%</u>	<u>10.00%</u>	<u>12.50%</u>
A Notes	6.28	5.18	4.81	4.62	4.52
B Notes	10.22	7.37	6.27	5.72	5.35
C Notes	10.22	7.93	6.59	5.93	5.54
D Notes	10.22	8.71	7.15	6.35	5.86
E Notes	10.22	9.77	7.84	6.90	6.30

Weighted-Average Life (Years)

Assumptions:

- (i) **No acquisition of Substitute Advances occurs, and all available Principal Collections received during any Substitution Period are used to redeem the Notes;**
- (ii) **The Issuer exercises its option to redeem the notes when the then Total Portfolio Balance is less than ten per cent. of the Total Portfolio Balance as calculated on the Closing Date**

	Monthly Repayment Rate				
	<u>2.50%</u>	<u>5.00%</u>	<u>7.50%</u>	<u>10.00%</u>	<u>12.50%</u>
A Notes	2.31	1.21	0.84	0.65	0.54
B Notes	6.79	3.40	2.29	1.71	1.41
C Notes	7.72	3.92	2.61	1.99	1.58
D Notes	7.97	4.22	2.72	2.22	1.71
E Notes	7.97	4.22	2.72	2.22	1.71

Weighted-Average Life (Years)

Assumptions:

- (i) **No acquisition of Substitute Advances occurs, and all available Principal Collections received during any Substitution Period are used to redeem the Notes;**
- (ii) **The Issuer does not exercise its option to redeem the notes when the then Total Portfolio Balance is less than ten per cent. of the Total Portfolio Balance as calculated on the Closing Date**

	Monthly Repayment Rate				
	<u>2.50%</u>	<u>5.00%</u>	<u>7.50%</u>	<u>10.00%</u>	<u>12.50%</u>
Class A Notes	2.31	1.21	0.84	0.65	0.54
Class B Notes	6.79	3.40	2.29	1.71	1.41
Class C Notes	7.88	3.92	2.63	1.99	1.58
Class D Notes	9.46	4.76	3.17	2.38	1.90
Class E Notes	10.22	5.84	3.88	2.92	2.33

ILLUSTRATIVE BREAKEVEN DEFAULT RATE ANALYSIS

Projections, forecasts and estimates

Any projections, forecasts and estimates provided to prospective purchasers of the Notes, are forward looking statements. Projections are necessarily speculative in nature, and it can be expected that some or all of the assumptions underlying the projections will not materialise or will vary significantly from actual results. Accordingly, the projections are only an estimate. Actual results may vary from the projections, and the variations may be material. Some important factors that could cause actual results to differ materially from those in any forward looking statements include changes in interest and exchange rates, market, financial or legal uncertainties, differences in the actual allocation of the Portfolio from those assumed, mismatches between the timing of accrual and receipt of Interest Proceeds from the Portfolio, and the effectiveness of the hedge transactions, among others. None of the Issuer, the Trustee, HSBC, the Managers, or any other party to the Transaction Documents, or any of their respective Affiliates has any obligation to update or otherwise revise any projections, including any revisions to reflect changes in economic conditions or other circumstances arising after the date hereof or to reflect the occurrence of unanticipated events, even if the underlying assumptions do not come to fruition. See also “*Forward-Looking Statements*”.

Assumptions

The following assumptions were made in determining the breakeven default rates; additional assumptions other than those listed here were also made.

1. The Securitised Portfolio comprises 50% sterling-denominated Securitised Advances, 25% euro-denominated Securitised Advances and 25% US dollar-denominated Securitised Advances.
2. Interest Collections in respect of the Securitised Portfolio are received in the middle of each period.
3. The Securitised Portfolio remains fully invested until the occurrence of a Substitution Period End Trigger.
4. Recoveries on Defaulted Advances are 40% of par and are received 2 years after the date any Securitised Advance becomes a Defaulted Advance.
5. Repayments occur at the specified repayment rate; any outstanding Securitised Advances repay on the Interest Payment Date falling immediately subsequent to the tenth anniversary of the Closing Date.
6. No optional redemption in whole is exercised by the Issuer at the time the Total Portfolio Balance is less than ten per cent. of the Total Portfolio Balance as at the Closing Date.
7. Defaulted Advances occur in the middle of each period. Defaulted Advances are spread evenly over each of the first through the twelfth Interest Periods (repayment rate per month runs 2.5%, 5.0%, 7.5%) or over each of the first through the eighth Interest Periods (repayment rate per month runs 10.0%, 12.5%).
8. The initial Principal Amount Outstanding of the Notes are A Notes (£1,700,000,000), B Notes (£70,000,000), C Notes (£70,000,000), D Notes (£70,000,000), E Notes (£50,000,000), F Notes (£40,000,000).
9. Appropriate assumptions have been made about the margin of the Rated Notes.
10. Securitised Advance margins are at a level consistent with the Sample Securitised Advances in year 1, dropping to 0.40% by the sixth Interest Payment Date.
11. Defaults are spread pro-rata across the sterling-denominated Securitised Advances, euro-denominated Securitised Advances and US dollar-denominated Securitised Advances.
12. US dollar LIBOR, Sterling LIBOR and EURIBOR used have been implicitly deduced from relevant forward rates.

1. Exchange evolves at forward

<u>Repayment Rate per Month</u>	<u>Breakeven Default Rate</u>				
	<u>Notes</u>				
	<u>A Notes</u>	<u>B Notes</u>	<u>C Notes</u>	<u>D Notes</u>	<u>E Notes</u>
2.5%	26.6%	21.4%	16.0%	10.5%	6.8%
5.0%	26.4%	21.0%	15.8%	10.4%	6.6%
7.5%	26.2%	21.0%	15.7%	10.3%	6.7%
10.0%	26.3%	20.9%	15.6%	10.3%	6.6%
12.5%	26.2%	20.9%	15.5%	10.3%	6.7%

2. Sterling devalues 10% against US dollars and 10% against euros

<u>Repayment Rate per Month</u>	<u>Breakeven Default Rate</u>				
	<u>Notes</u>				
	<u>A Notes</u>	<u>B Notes</u>	<u>C Notes</u>	<u>D Notes</u>	<u>E Notes</u>
2.5%	25.5%	20.4%	15.3%	10.1%	6.5%
5.0%	25.2%	20.1%	15.0%	9.9%	6.3%
7.5%	25.1%	20.0%	15.0%	9.9%	6.4%
10.0%	25.1%	20.0%	14.8%	9.8%	6.3%
12.5%	25.1%	20.0%	14.8%	9.8%	6.4%

3. Sterling appreciates 10% against US dollars and 10% against euros

<u>Repayment Rate per Month</u>	<u>Breakeven Default Rate</u>				
	<u>Notes</u>				
	<u>A Notes</u>	<u>B Notes</u>	<u>C Notes</u>	<u>D Notes</u>	<u>E Notes</u>
2.5%	28.3%	22.7%	17.0%	11.2%	7.1%
5.0%	28.1%	22.4%	16.8%	11.0%	7.0%
7.5%	27.8%	22.3%	16.7%	11.0%	7.1%
10.0%	27.8%	22.2%	16.7%	11.0%	7.0%
12.5%	27.8%	22.1%	16.6%	11.0%	7.1%

ISSUER

The Issuer was incorporated in England and Wales on 24 June 2005 with registered number 5490390 as a public limited company with limited liability under the Companies Act 1985 (which is also the relevant primary legislation under which the Issuer operates) and changed its name to Metrix Funding No. 1 PLC on 24 August 2005. The registered office of the Issuer is located at c/o Structured Finance Management Ltd, 35 Great St. Helen's, London, EC3A 6AP (tel no: +44 (0)20 7398 6300) at which the Issuer's register of members is kept. The Issuer has no subsidiaries.

The entire issued share capital of the Issuer (other than one share held by SFM Corporate Services Limited as nominee holder) is held by Metrix Funding Holdings Limited, a company incorporated in England and Wales on 24 June 2005 with registered number 5490398 as a limited company with limited liability under the Companies Act 1985. The entire issued share capital of and voting rights in Metrix Funding Holdings Limited is held by the Share Trustee for the benefit of charity under the terms of a Share Declaration of Trust dated 29 September 2005.

The principal place of business of the Issuer will be at Structured Finance Management Ltd, 35 Great St. Helen's, London EC3A 6AP. The accounting reference date of the Issuer is 31 December. There is no loan capital, borrowing, other indebtedness, contingent liabilities or guarantees as at the date of this prospectus in respect of this company. There has been no material change in the capitalisation, indebtedness, guarantees and contingent liabilities and the Issuer has not traded since the date of its incorporation.

The principal purposes of the Issuer are to issue the Notes and to hold the Issuer's Portfolio Interest. The objects of the Issuer are set out in paragraph 4 of its Memorandum of Association. The Memorandum and Articles of Association of the Issuer may be inspected at the registered office of the Issuer and, for 14 days from the date of this prospectus, at the offices of Clifford Chance at 10 Upper Bank Street, London E14 5JJ, United Kingdom.

Directors and Secretary

The Directors of the Issuer and their respective business addresses and other principal activities are:

<u>Name</u>	<u>Nationality</u>	<u>Business Address</u>	<u>Principal Activities</u>
SFM Directors Limited.	British	35 Great St. Helen's, London EC3A 6AP	Director of special purpose companies
SFM Directors (No.2) Limited	British	35 Great St. Helen's, London EC3A 6AP	Director of special purpose companies
Roger McGregor	British	8 Canada Square, London E14 5HQ	Accountant

The directors of SFM Directors Limited and SFM Directors (No.2) Limited are Jonathan Keighley, James Macdonald and Robert Berry. Their principal activities include the provision of directors and corporate management services to structured finance transactions as directors on the boards of SFM Directors Limited and SFM Directors (No.2) Limited. The business address of the directors of SFM Directors Limited and SFM Directors (No.2) Limited is 35 Great St. Helen's, London EC3A 6AP.

In accordance with a corporate services agreement to be entered into on or before the Closing Date (the "**Corporate Services Agreement**") between the Issuer, Structured Finance Management Limited and the Trustee, Structured Finance Management Limited will provide the Issuer with general secretarial, registrar and company administration services. The fees of Structured Finance Management Limited for providing such services will be met by the Issuer from Available Income Funds. The Issuer will appoint the Cash Manager to perform certain financial statement preparation services. The fees of the Cash Manager will be met by the Issuer from Available Income Funds.

The Secretary of the Issuer is:

<u>Secretary's Name</u>	<u>Business Address</u>
SFM Corporate Services Limited	35 Great St. Helen's, London EC3A 6AP

Management and Activities

The Issuer's activities will be the issue of the Notes, the acquisition of the Issuer's Portfolio Interest and rights associated therewith and being a beneficiary under the Asset Transfer Deed, the entering into of all documents relating to such issue and such acquisition to which it is expressed to be a party and the

exercise of related rights and powers and other activities reasonably incidental thereto. The Issuer has not engaged since its incorporation in any activities other than in connection with the above.

Share Capital

The authorised share capital of the Issuer is £50,000 comprising 50,000 ordinary shares of £1.00 each. Two ordinary shares were allotted for cash, and fully paid, on incorporation. On 15 August 2005, 49,998 ordinary shares were resolved to be allotted and on 24 October 2005 were each quarter paid. 49,999 shares are held by Metrix Funding Holdings Limited and one share is held by a share trustee under the terms of a share declaration of trust.

Capitalisation and Indebtedness

The following table shows the unaudited capitalisation and indebtedness of the Issuer as at 18 November 2005 adjusted for the issue of the Notes:

<u>Share Capital</u>	<u>£</u>
Authorised:	50,000
Issued:	
Ordinary Shares of £1 each (fully paid up).....	2
Ordinary Shares of £1 each (¼ paid up).....	12,499.50
Indebtedness	
A Notes (secured, unguaranteed).....	1,700,000,000
B Notes (secured, unguaranteed).....	70,000,000
C Notes (secured, unguaranteed).....	70,000,000
D Notes (secured, unguaranteed).....	70,000,000
E Notes (secured, unguaranteed).....	50,000,000
F Notes (secured, unguaranteed).....	40,000,000
Expenses Loan.....	40,000,000

Save as disclosed above, at the date hereof, the Issuer has no outstanding loan capital, borrowings, indebtedness or contingent liabilities, nor has the Issuer created any mortgages or charges or given any guarantees. There are no other outstanding loans or subscriptions, allotments or options in respect of the Issuer.

Directors' Responsibilities

The directors have responsibility for ensuring that the company keeps accounting records which disclose with reasonable accuracy the financial position of the Issuer.

The directors have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Issuer and to prevent and detect fraud and other irregularities.

CONDITIONS OF THE NOTES

The following is the text of the terms and conditions of the Notes which (subject to amendment and completion) will be endorsed on or attached to each Global Note Certificate and Individual Note Certificate and (subject to the provisions thereof) will apply to each such Note.

The notes due 2019 of Metrix Funding No. 1 PLC (the “**Issuer**”) comprise the £500,000,000 Class A1 Floating Rate Notes due 2019 (the “**A1 Notes**”), the €700,000,000 Class A2 Floating Rate Notes due 2019 (the “**A2 Notes**”) and the \$1,261,000,000 Class A3 Floating Rate Notes due 2019 (the “**A3 Notes**” and together with the A1 Notes and the A2 Notes, the “**A Notes**”), the £44,000,000 Class B1 Floating Rate Notes due 2019 (the “**B1 Notes**”), the €29,940,000 Class B2 Floating Rate Notes due 2019 (the “**B2 Notes**”) and the \$10,000,000 Class B3 Floating Rate Notes due 2019 (the “**B3 Notes**” and together with the B1 Notes and the B2 Notes, the “**B Notes**”), the £32,000,000 Class C1 Floating Rate Notes due 2019 (the “**C1 Notes**”) and the €56,200,000 Class C2 Floating Rate Notes due 2019 (the “**C2 Notes**” and together with the C1 Notes, the “**C Notes**”), the £36,000,000 Class D1 Floating Rate Notes due 2019 (the “**D1 Notes**”) and the €50,300,000 Class D2 Floating Rate Notes due 2019 (the “**D2 Notes**” and together with the D1 Notes, the “**D Notes**”), the £30,000,000 Class E1 Floating Rate Notes due 2019 (the “**E1 Notes**”), the €27,030,000 Class E2 Floating Rate Notes due 2019 (the “**E2 Notes**”) and the \$3,000,000 Class E3 Floating Rate Notes due 2019 (the “**E3 Notes**” and together with the E1 Notes and the E2 Notes, the “**E Notes**”) and the £40,000,000 Class F Floating Rate Notes due 2019 (the “**F Notes**”). The A Notes, the B Notes, the C Notes, the D Notes, the E Notes and the F Notes are together the “**Notes**”. The Notes are constituted by a Trust Deed to be dated on or prior to the Closing Date (as defined in Condition 2 below), as amended or supplemented from time to time (the “**Trust Deed**”), between the Issuer and Deutsche Trustee Company Limited (the “**Trustee**”, which expression includes the trustee or trustees for the time being of the Trust Deed) as trustee for the Noteholders (as defined in Condition 2 below). The Notes have the benefit of (to the extent applicable) an agency agreement (the “**Agency Agreement**”) to be dated on or prior to the Closing Date, as amended or supplemented from time to time, between the Issuer, the Trustee, HSBC Bank plc as principal paying agent (the “**Principal Paying Agent**”), as agent bank (the “**Agent Bank**”), as exchange agent (the “**Exchange Agent**”) and as transfer agent (a “**Transfer Agent**”) and HSBC Bank USA, National Association, as registrar (the “**Registrar**”), as New York paying agent (the “**New York Paying Agent**”), as DTC Custodian and transfer agent (a “**Transfer Agent**”).

Any reference below to a “**Class**” of Notes or to the holders of a Class of Notes shall be a reference to the A1 Notes, A2 Notes, A3 Notes, B1 Notes, B2 Notes, B3 Notes, C1 Notes, C2 Notes, D1 Notes, D2 Notes, E1 Notes, E2 Notes, E3 Notes or F Notes, as the case may be, or to the respective holders thereof.

The Notes also have the benefit of a deed of charge (the “**Deed of Charge**”) to be dated on or prior to the Closing Date, as amended or supplemented from time to time, between, among others, the Issuer and the Trustee.

In these Conditions, all references to an “**Agent**” shall mean any other or additional agent appointed from time to time in accordance with the Agency Agreement and shall include any successors thereto and any reference to “**Agents**” shall mean any or all (as applicable) of the above persons.

These Conditions include summaries of the detailed provisions of and definitions contained in the Trust Deed, the Agency Agreement and the Deed of Charge. Copies of the Trust Deed, the Agency Agreement and the Deed of Charge are available for inspection during usual business hours at the registered office of the Trustee (currently at Winchester House, 1 Great Winchester Street, London EC2N 2DB) and at the specified office of the Principal Paying Agent. The Noteholders are entitled to the benefit of, are bound by, and are deemed to have notice of, the Trust Deed, the Agency Agreement and the Deed of Charge.

1. Form, Denomination and Title

(a) Form and Denomination

The Notes are in individual fully registered form, without interest coupons or principal receipts attached, in the applicable Minimum Denomination and integral multiples in excess thereof. An Individual Note Certificate will be issued to each Noteholder in respect of its registered holding or holdings of Notes.

(b) Register

The Registrar will maintain a register (the “**Register**”) in respect of the Notes in accordance with the provisions of the Agency Agreement. In these Conditions, the “**Holder**” of a Note means the person

in whose name such Note is for the time being registered in the Register (or, in the case of a joint holding, the first named thereof) and “**Noteholder**” shall be construed accordingly.

(c) *Title to the Notes*

Title to the Notes passes upon registration of transfers in the Register in accordance with the provisions of the Agency Agreement and the Trust Deed. The registered holder of any Note shall (except as otherwise required by law) be treated as its absolute owner for all purposes (including the making of any payment whether or not it is overdue and regardless of any notice of ownership, trust or any other interest therein, any writing on any Global Note Certificate or Individual Note Certificate relating thereto (other than the endorsed form of transfer) or any notice of any previous loss or theft of such Global Note Certificate or Individual Note Certificate) and no person shall be liable for so treating such holder.

(d) *Transfer*

Subject to Condition 1(g) (*Closed Periods*) and 1(h) (*Regulations concerning transfers*), Notes may be transferred in whole or in part only in nominal amounts equal to the applicable Minimum Denomination and integral multiples in excess thereof upon the surrender of the related Individual Note Certificate with the endorsed form of transfer duly completed at the specified office of the Registrar or Transfer Agent, together with such evidence as the Registrar or Transfer Agent may reasonably require to prove the title of the transferor and the authority of the individuals who have executed the form of transfer. In the case of a transfer of part only of a holding of Notes represented by one Individual Note Certificate, a new Individual Note Certificate will be issued to the transferee in respect of the part transferred and a further new Individual Note Certificate in respect of the balance of the holding not transferred will be issued to the transferor.

(e) *Registration and delivery of Individual Note Certificates*

Within five business days of the surrender of an Individual Note Certificate in accordance with Condition 1(d) above, the Registrar will register the transfer in question and deliver a new Individual Note Certificate or, in the case of a transfer of part only of a holding of Notes, new Individual Note Certificates, to each relevant holder at its specified office or (as the case may be) the specified office of any Transfer Agent or (at the request and risk of any such relevant holder) by uninsured first class mail (airmail if overseas) to the address specified for the purpose by such relevant holder. In this Condition 1(e), “**Business Day**” means a day other than a Saturday or Sunday, on which banks are open for business in the place of the specified office of the Registrar and Transfer Agent.

(f) *Transfer free of charge*

Transfers of Notes or Individual Note Certificates representing such Notes in accordance with these Conditions will be effected without charge by or on behalf of the Issuer, the Registrar or Transfer Agent, but upon payment (or the giving of such indemnity as the Issuer, Registrar or the Transfer Agent may require in respect thereof) of any tax or other governmental charges which may be imposed in relation to such transfers.

(g) *Closed Periods*

No Noteholder may require the transfer of a Note to be registered (i) during the period of fifteen calendar days ending on (and including) the due date for redemption (in full) of that Note or (ii) during the period of seven calendar days ending on (and including) any Record Date.

(h) *Regulations concerning transfers*

All transfers of Notes and entries on the Register are subject to the detailed regulations concerning the transfer of Notes scheduled to the Agency Agreement. The regulations may be changed by the Issuer with the prior written approval of the Trustee and the Registrar. A copy of the current regulations will be mailed (free of charge) by the Registrar to any Noteholder who requests in writing a copy of such regulations.

2. **Definitions**

In these Conditions, capitalised terms used and not otherwise defined in these Conditions have the meanings set forth below:

“**A Global Notes**” means the A1 Global Notes, the A2 Global Notes and the A3 Global Notes;

“**A Noteholders**” means the holders of the A Notes from time to time;

“**A Principal Deficiency Ledger**” means the principal deficiency ledger maintained by the Cash Manager in accordance with the Cash Management Agreement;

“**A Regulation S Global Note Certificate**” means any A1 Regulation S Global Note Certificate, any A2 Regulation S Global Note Certificate or any A3 Regulation S Global Note Certificate;

“**A Regulation S Individual Note Certificate**” means any A1 Regulation S Individual Note Certificate, any A2 Regulation S Individual Note Certificate or any A3 Regulation S Individual Note Certificate;

“**A Rule 144A Global Note Certificate**” means any A1 Rule 144A Global Note Certificate, any A2 Rule 144A Global Note Certificate or any A3 Rule 144A Global Note Certificate;

“**A Rule 144A Individual Note Certificate**” means any A1 Rule 144A Individual Note Certificate, any A2 Rule 144A Individual Note Certificate or any A3 Rule 144A Individual Note Certificate;

“**A Transaction Liquidity Facility Availability Test**” means that the A Principal Deficiency Ledger credit balance is less than 50% of the Principal Amount Outstanding of the A Notes;

“**A1 Global Notes**” means each A1 Regulation S Global Note Certificate and each A1 Rule 144A Global Note Certificate;

“**A1 Regulation S Global Note Certificate**” means any global note certificate representing any A1 Notes that are Regulation S Notes in, or substantially in, the form set out in Schedule 1, Part B of the Trust Deed;

“**A1 Regulation S Individual Note Certificate**” means any individual note certificate representing any A1 Notes that are Regulation S Notes in, or substantially in, the form set out in Schedule 2, Part B of the Trust Deed;

“**A1 Rule 144A Global Note Certificate**” means any global note certificate representing any A1 Notes that are Rule 144A Notes in, or substantially in, the form set out in Schedule 1, Part A of the Trust Deed and bearing the Rule 144A Legend;

“**A1 Rule 144A Individual Note Certificate**” means any individual note certificate representing any A1 Notes that are Rule 144A Notes in, or substantially in, the form set out in Schedule 2, Part A of the Trust Deed and bearing the Rule 144A Legend;

“**A2 Funding Swap Agreement**” means the swap agreement (including the master agreement, schedule and confirmation thereto and a credit support annex) dated the Closing Date between the Issuer and the Swap Counterparty relating to the A2 Notes and pursuant to which the Issuer will make an initial exchange of euros for sterling and, following the Closing Date on each Interest Payment Date, will pay to the Swap Counterparty amounts in sterling in exchange for amounts in euros required to make payments in respect of the A2 Notes, as such agreement may be amended, replaced and/or supplemented;

“**A2 Global Notes**” means each A2 Regulation S Global Note Certificate and each A2 Rule 144A Global Note Certificate;

“**A2 Regulation S Global Note Certificate**” means any global note certificate representing any A2 Notes that are Regulation S Notes in, or substantially in, the form set out in Schedule 1, Part B of the Trust Deed;

“**A2 Regulation S Individual Note Certificate**” means any individual note certificate representing any A2 Notes that are Regulation S Notes in, or substantially in, the form set out in Schedule 2, Part B of the Trust Deed;

“**A2 Rule 144A Global Note Certificate**” means any global note certificate representing any A2 Notes that are Rule 144A Notes in, or substantially in, the form set out in Schedule 1, Part A of the Trust Deed and bearing the Rule 144A Legend;

“**A2 Rule 144A Individual Note Certificate**” means any individual note certificate representing any A2 Notes that are Rule 144A Notes in, or substantially in, the form set out in Schedule 2, Part A of the Trust Deed and bearing the Rule 144A Legend;

“**A3 Funding Swap Agreement**” means the swap agreement (including the master agreement, schedule and confirmation thereto and a credit support annex) dated the Closing Date between the Issuer and the Swap Counterparty relating to the A3 Notes and pursuant to which the Issuer will make an initial

exchange of US dollars for sterling and, following the Closing Date on each Interest Payment Date, will pay to the Swap Counterparty amounts in sterling in exchange for amounts in US dollars required to make payments in respect of the A3 Notes, as such agreement may be amended, replaced and/or supplemented;

“**A3 Global Notes**” means each A3 Regulation S Global Note Certificate and each A3 Rule 144A Global Note Certificate;

“**A3 Regulation S Global Note Certificate**” means any global note certificate representing any A3 Notes that are Regulation S Notes in, or substantially in, the form set out in Schedule 1, Part B of the Trust Deed;

“**A3 Regulation S Individual Note Certificate**” means any individual note certificate representing any A3 Notes that are Regulation S Notes in, or substantially in, the form set out in Schedule 2, Part B of the Trust Deed;

“**A3 Rule 144A Global Note Certificate**” means any global note certificate representing any A3 Notes that are Rule 144A Notes in, or substantially in, the form set out in Schedule 1, Part A of the Trust Deed bearing the Rule 144A Legend;

“**A3 Rule 144A Individual Note Certificate**” means any individual note certificate representing any A3 Notes that are Rule 144A Notes in, or substantially in, the form set out in Schedule 2, Part A of the Trust Deed bearing the Rule 144A Legend;

“**Account Bank**” means HSBC Bank plc in its capacity as account bank in accordance with the terms of the Account Bank Agreement;

“**Account Bank Agreement**” means the account bank agreement to be dated on or about the Closing Date between the Issuer, the Originator, the Cash Manager, the Account Bank and the Trustee, as the same may be amended and/or supplemented;

“**Additional Interest**” has the meaning ascribed thereto in condition 5(g);

“**Advance**” means advances or part advances drawn by Borrowers under certain Loan Facilities;

“**Amortisation Period**” means any period which is not a Substitution Period;

“**Applicable Ratio**” means in relation to any Interest Payment Date, in relation to the A1 Notes, the ratio of the Base Currency PAO of the A1 Notes to the Base Currency PAO of the A Notes; in relation to the A2 Notes, the ratio of the Base Currency PAO of the A2 Notes to the Base Currency PAO of the A Notes; in relation to the A3 Notes, the ratio of the Base Currency PAO of the A3 Notes to the Base Currency PAO of the A Notes; in relation to the B1 Notes, the ratio of the Base Currency PAO of the B1 Notes to the Base Currency PAO of the B Notes; in relation to the B2 Notes, the ratio of the Base Currency PAO of the B2 Notes to the Base Currency of the B Notes; in relation to the B3 Notes, the ratio of the Base Currency PAO of the B3 Notes to the Base Currency PAO of the B Notes; in relation to the C1 Notes, the ratio of the Base Currency PAO of the C1 Notes to the Base Currency PAO of the C Notes; in relation to the C2 Notes, the ratio of the Base Currency PAO of the C2 Notes to the Base Currency PAO of the C Notes; in relation to the D1 Notes, the ratio of the Base Currency PAO of the D1 Notes to the Base Currency PAO of the D Notes; in relation to the D2 Notes, the ratio of the Base Currency PAO of the D2 Notes to the Base Currency PAO of the D Notes; in relation to the E1 Notes, the ratio of the Base Currency PAO of the E1 Notes to the Base Currency PAO of the E Notes; in relation to the E2 Notes, the ratio of the Base Currency PAO of the E2 Notes to the Base Currency PAO of the E Notes; and in relation to the E3 Notes, the ratio of the Base Currency PAO of the E3 Notes to the Base Currency PAO of the E Notes;

“**Asset Funding Priority of Payments**” means the Sterling Funding Priority of Payments, the US dollar Funding Priority of Payments and the Euro Funding Priority of Payments;

“**Asset Swap Agreements**” means the Euro Asset Swap Agreement, the US dollar Asset Swap Agreement, the Sterling Basis Swap Agreement, the Euro Basis Swap Agreement, and the US dollar Basis Swap Agreement and “**Asset Swap Agreement**” means any one of them;

“**Asset Transfer Deed**” means the asset transfer deed dated the Closing Date and made between the Originator and the Issuer, as such deed may be amended and/or supplemented;

“**Available Income Funds**” means on any Interest Payment Date an amount which the Cash Manager, on behalf of the Issuer, calculates subject to the Order of Calculations on the Calculation Date immediately

preceding such Interest Payment Date which will be available to the Issuer on such Interest Payment Date, equal to the aggregate of the following:

- (1) the amount standing to the credit of the Interest Composite Account (including any amounts in respect of the Basis Swap Agreements, the Euro Asset Swap Agreement and the US dollar Asset Swap Agreement, the Euro Margin Excess Amount and the US dollar Margin Excess Amount) on the next following Interest Payment Date;
- (2) the balance standing to the credit of the Reserve Account to the extent credited to the Reserve Ledger, but not including any amounts standing to the credit of the Liquidity Reserve Ledger on the next following Interest Payment Date (not taking into account any deposits to be made thereto pursuant to the Available Income Funds Priority of Payments on the next following Interest Payment Date);
- (3) the income in respect of any Permitted Investments in which funds standing to the credit of any Issuer Account have been invested calculated as being available to the Issuer on such Calculation Date.

“**Available Income Funds Priority of Payments**” means payments and/or provisions in the following order of priority (but, in each case, only to the extent that all payments and/ or provisions of a higher ranking priority have been paid or provided for in full):

- (1) to pay the remuneration payable to the Trustee for any costs, charges, liabilities and expenses incurred by it under the provisions of the Trust Deed and the Deed of Charge (including interest thereon, if so provided in the Trust Deed or the Deed of Charge);
- (2) provided the then Total Portfolio Balance is greater than or equal to ten per cent. of the Total Portfolio Balance as at the Closing Date, to pay the fees payable to the Cash Manager pursuant to the Cash Management Agreement;
- (3) *pari passu* and on a *pro rata* basis, to pay (a) the Principal Paying Agent for itself and/or the other Paying Agents, any amounts properly paid by the Principal Paying Agent and/or the other Paying Agents to the Noteholders and not paid by the Issuer pursuant to Clause 6 of the Agency Agreement; (b) the fees, costs and expenses of the Agent Bank and the Paying Agents and any other Agent under the Paying Agency Agreement; (c) the fees, costs and expenses of the Issuer’s auditors; (d) the fees and expenses of the Account Bank; (e) the fees of any corporate services provider (including any registered office fees) in respect of the Issuer;
- (4) *pari passu* and on a *pro rata* basis, to pay all interest and commitment fees then due and payable to the Liquidity Facility Provider under the Sterling Central Liquidity Facility;
- (5) if the A Transaction Liquidity Facility Availability Test is not met, to repay all principal amounts then due and payable to the Liquidity Facility Provider under the Sterling Central Liquidity Facility (to the extent not repaid pursuant to the Available Principal Funds Priority of Payments) or, to the extent that there are no principal amounts then due and payable under the Sterling Central Liquidity Facility, to deposit to the Reserve Account until the balance thereof is equal to the Required Liquidity Reserve Amount and any amount so deposited pursuant to this item shall be credited to the Liquidity Reserve Ledger;
- (6) *pro rata* and *pari passu*: (a) utilising amounts available under this item (6) multiplied by the Applicable Ratio for the A1 Notes, to pay interest then due and payable on the A1 Notes (applying such payment first to current interest and then to any Deferred Interest (and Additional Interest in respect thereof)); (b) utilising amounts available under this item (6) multiplied by the Applicable Ratio for the A2 Notes, to pay all amounts other than amounts representing exchange of principal (but not including any Termination Payment which would be payable under item (29) below) under the A2 Funding Swap Agreement to the Swap Counterparty (and the euro amount received in exchange for such payment shall be applied to pay interest then due and payable on the A2 Notes (applying such payment first to current interest and then to any Deferred Interest (and Additional Interest in respect thereof))) (or, in the event that the A2 Funding Swap Agreement has been terminated without replacement, exchanged into euros to pay interest then due and payable on the A2 Notes (applying such payment first to current interest and then to any Deferred Interest (and Additional Interest in respect thereof))); (c) utilising amounts available under this item (6) multiplied by the Applicable Ratio for the A3 Notes, to pay all amounts other than amounts representing exchange of principal (but not including any Termination Payment which would be

- payable under item (29) below) under the A3 Funding Swap Agreement to the Swap Counterparty (and the US dollar amount received in exchange for such payment shall be applied to pay interest then due and payable on the A3 Notes (applying such payment first to current interest and then to any Deferred Interest (and Additional Interest in respect thereof))) (or, in the event that the A3 Funding Swap Agreement has been terminated without replacement, exchanged into US dollar to pay interest then due and payable on the A3 Notes (applying such payment first to current interest and then to any Deferred Interest (and Additional Interest in respect thereof))); (d) to pay all Termination Payments then due under any Asset Swap Agreement (but not including any Termination Payment which would be payable under item (29) below);
- (7) an amount equal to the amount standing to the credit of the A Principal Deficiency Ledger shall be applied to reduce such credit balance (and the A Principal Deficiency Ledger will be debited by a commensurate amount);
 - (8) an amount equal to the amount standing to the credit of the B Senior Principal Deficiency Sub-Ledger shall be applied to reduce such credit balance (and the B Senior Principal Deficiency Sub-Ledger will be debited by a commensurate amount);
 - (9) if the B Transaction Liquidity Facility Availability Test is not met, to repay all principal amounts then due and payable to the Liquidity Facility Provider under the Sterling Central Liquidity Facility (to the extent not repaid pursuant to the Available Principal Funds Priority of Payments or item (5) above) or, to the extent that there are no principal amounts then due and payable under the Sterling Central Liquidity Facility, to deposit to the Reserve Account until the balance thereof is equal to the Required Liquidity Reserve Amount and any amount so deposited pursuant to this item shall be credited to the Liquidity Reserve Ledger;
 - (10) *pro rata and pari passu*: (a) utilising amounts available under this item (10) multiplied by the Applicable Ratio for the B1 Notes, to pay interest then due and payable on the B1 Notes (applying such payment first to current interest and then to any Deferred Interest (and Additional Interest in respect thereof)); (b) utilising amounts available under this item (10) multiplied by the Applicable Ratio for the B2 Notes, to pay all amounts other than amounts representing exchange of principal (but not including any Termination Payment which would be payable under item (29) below) under the B2 Funding Swap Agreement to the Swap Counterparty (and the euro amount received in exchange for such payment shall be applied to pay interest then due and payable on the B2 Notes (applying such payment first to current interest and then to any Deferred Interest (and Additional Interest in respect thereof))) (or, in the event that the B2 Funding Swap Agreement has been terminated without replacement, exchanged into euros to pay interest then due and payable on the B2 Notes (applying such payment first to current interest and then to any Deferred Interest (and Additional Interest in respect thereof))); (c) utilising amounts available under this item (10) multiplied by the Applicable Ratio for the B3 Notes, to pay all amounts other than amounts representing exchange of principal (but not including any Termination Payment which would be payable under item (29) below) under the B3 Funding Swap Agreement to the Swap Counterparty (and the US dollar amount received in exchange for such payment shall be applied to pay interest then due and payable on the B3 Notes (applying such payment first to current interest and then to any Deferred Interest (and Additional Interest in respect thereof))) (or, in the event that the B3 Funding Swap Agreement has been terminated without replacement, exchanged into US dollar to pay interest then due and payable on the B3 Notes (applying such payment first to current interest and then to any Deferred Interest (and Additional Interest in respect thereof)));
 - (11) an amount equal to the amount standing to the credit of the B Junior Principal Deficiency Sub-Ledger shall be applied to reduce such credit balance (and the B Junior Principal Deficiency Sub-Ledger will be debited by a commensurate amount);
 - (12) an amount equal to the amount standing to the credit of the C Senior Principal Deficiency Sub-Ledger shall be applied to reduce such credit balance (and the C Senior Principal Deficiency Sub-Ledger will be debited by a commensurate amount);
 - (13) if the C Transaction Liquidity Facility Availability Test is not met, to repay all principal amounts then due and payable to the Liquidity Facility Provider under the Sterling Central Liquidity Facility (to the extent not repaid pursuant to the Available Principal Funds Priority of Payments or items (5) and (9) above) or, to the extent that there are no principal amounts then due and payable under the Sterling Central Liquidity Facility, to deposit to the Reserve Account until the balance thereof is equal to the Required Liquidity Reserve Amount and any amount so deposited pursuant to this item shall be credited to the Liquidity Reserve Ledger;

- (14) *pro rata* and *pari passu*: (a) utilising amounts available under this item (14) multiplied by the Applicable Ratio for the C1 Notes, to pay interest then due and payable on the C1 Notes (applying such payment first to current interest and then to any Deferred Interest (and Additional Interest in respect thereof)); (b) utilising amounts available under this item (14) multiplied by the Applicable Ratio for the C2 Notes, to pay all amounts other than amounts representing exchange of principal (but not including any Termination Payment which would be payable under item (29) below) under the C2 Funding Swap Agreement to the Swap Counterparty (and the euro amount received in exchange for such payment shall be applied to pay interest then due and payable on the C2 Notes (applying such payment first to current interest and then to any Deferred Interest (and Additional Interest in respect thereof))) (or, in the event that the C2 Funding Swap Agreement has been terminated without replacement, exchanged into euros to pay interest then due and payable on the C2 Notes (applying such payment first to current interest and then to any Deferred Interest (and Additional Interest in respect thereof)));
- (15) an amount equal to the amount standing to the credit of the C Junior Principal Deficiency Sub-Ledger shall be applied to reduce such credit balance (and the C Junior Principal Deficiency Sub-Ledger will be debited by a commensurate amount);
- (16) an amount equal to the amount standing to the credit of the D Senior Principal Deficiency Sub-Ledger shall be applied to reduce such credit balance (and the D Senior Principal Deficiency Sub-Ledger will be debited by a commensurate amount);
- (17) if the D Transaction Liquidity Facility Availability Test is not met, to repay all principal amounts then due and payable to the Liquidity Facility Provider under the Sterling Central Liquidity Facility (to the extent not repaid pursuant to the Available Principal Funds Priority of Payments or items (5), (9) and (13) above) or, to the extent that there are no principal amounts then due and payable under the Sterling Central Liquidity Facility, to deposit to the Reserve Account until the balance thereof is equal to the Required Liquidity Reserve Amount and any amount so deposited pursuant to this item shall be credited to the Liquidity Reserve Ledger;
- (18) *pro rata* and *pari passu*: (a) utilising amounts available under this item (18) multiplied by the Applicable Ratio for the D1 Notes, to pay interest then due and payable on the D1 Notes (applying such payment first to current interest and then to any Deferred Interest (and Additional Interest in respect thereof)); (b) utilising amounts available under this item (18) multiplied by the Applicable Ratio for the D2 Notes, to pay all amounts other than amounts representing exchange of principal (but not including any Termination Payment which would be payable under item (29) below) under the D2 Swap Agreement to the Swap Counterparty (and the euro amount received in exchange for such payment shall be applied to pay interest then due and payable on the D2 Notes (applying such payment first to current interest and then to any Deferred Interest (and Additional Interest in respect thereof))) (or, in the event that the D2 Funding Swap Agreement has been terminated without replacement, exchanged into euros to pay interest then due and payable on the D2 Notes at the Applicable Ratio (applying such payment first to current interest and then to any Deferred Interest (and Additional Interest in respect thereof)));
- (19) an amount equal to the amount standing to the credit of the D Junior Principal Deficiency Sub-Ledger shall be applied to reduce such credit balance (and the D Junior Principal Deficiency Sub-Ledger will be debited by a commensurate amount);
- (20) an amount equal to the amount standing to the credit of the E Senior Principal Deficiency Sub-Ledger shall be applied to reduce such credit balance (and the E Senior Principal Deficiency Sub-Ledger will be debited by a commensurate amount);
- (21) if the E Transaction Liquidity Facility Availability Test is not met, to repay all principal amounts then due and payable to the Liquidity Facility Provider under the Sterling Central Liquidity Facility (to the extent not repaid pursuant to the Available Principal Funds Priority of Payments or items (5), (9), (13) and (17) above) or, to the extent that there are no principal amounts then due and payable under the Sterling Central Liquidity Facility, to deposit to the Reserve Account until the balance thereof is equal to the Required Liquidity Reserve Amount and any amount so deposited pursuant to this item shall be credited to the Liquidity Reserve Ledger;
- (22) *pro rata* and *pari passu*: (a) utilising amounts available under this item (22) multiplied by the Applicable Ratio for the E1 Notes, to pay interest then due and payable on the E1 Notes at the Applicable Ratio (applying such payment first to current interest and then to any Deferred Interest

- (and Additional Interest in respect thereof)); (b) utilising amounts available under this item (22) multiplied by the Applicable Ratio for the E2 Notes, to pay all amounts other than amounts representing exchange of principal (but not including any Termination Payment which would be payable under item (29) below) under the E2 Funding Swap Agreement to the Swap Counterparty (and the euro amount received in exchange for such payment shall be applied to pay interest then due and payable on the E2 Notes (applying such payment first to current interest and then to any Deferred Interest (and Additional Interest in respect thereof))) (or, in the event that the E2 Funding Swap Agreement has been terminated without replacement, spot exchanged into euros to pay interest then due and payable on the E2 Notes at the Applicable Ratio (applying such payment first to current interest and then to any Deferred Interest (and Additional Interest in respect thereof))); (c) utilising amounts available under this item (22) multiplied by the Applicable Ratio for the E3 Notes, to pay all amounts other than amounts representing exchange of principal (but not including any Termination Payment which would be payable under item (29) below) under the E3 Funding Swap Agreement to the Swap Counterparty (and the US dollar amount received in exchange for such payment shall be applied to pay interest then due and payable on the E3 Notes (applying such payment first to current interest and then to any Deferred Interest (and Additional Interest in respect thereof))) (or, in the event that the E3 Funding Swap Agreement has been terminated without replacement, exchanged into US dollar to pay interest then due and payable on the E3 Notes (applying such payment first to current interest and then to any Deferred Interest (and Additional Interest in respect thereof)));
- (23) an amount equal to the amount standing to the credit of the E Junior Principal Deficiency Sub-Ledger shall be applied to reduce such credit balance (and the E Junior Principal Deficiency Sub-Ledger will be debited by a commensurate amount);
- (24) to repay all principal amounts then due and payable to the Liquidity Facility Provider under the Sterling Central Liquidity Facility (to the extent not repaid pursuant to the Available Principal Funds Priority of Payments or items (5), (9), (13), (17) and (21) above) or, to the extent that there are no principal amounts then due and payable under the Sterling Central Liquidity Facility, to deposit to the Reserve Account until the balance thereof is equal to the Required Liquidity Reserve Amount and any amount so deposited pursuant to this item shall be credited to the Liquidity Reserve Ledger;
- (25) an amount equal to the amount standing to the credit of the F Principal Deficiency Ledger shall be applied to reduce such credit balance (and the F Principal Deficiency Ledger will be debited by a commensurate amount);
- (26) an amount to be deposited to the Reserve Account equal to the Required Reserve Amount (and any such amount so deposited pursuant to this item shall be credited to the Reserve Ledger);
- (27) if the Total Portfolio Balance is less than ten per cent. of the Total Portfolio Balance as at the Closing Date, to pay the fees payable to the Cash Manager pursuant to the Cash Management Agreement;
- (28) to make payments of interest on the F Notes (applying such payment first to current interest and then to any deferred interest (and additional interest in respect thereof) then outstanding);
- (29) to the extent that any of the Asset Swap Agreements or the Funding Swap Agreements has been terminated as a result of a Swap Counterparty Default thereunder, and to the extent of any termination payment then due by the Issuer to the Swap Counterparty, *pro rata* and *pari passu* (to the extent of amounts owing under each of such Swap Agreements), to the Swap Counterparty in respect of the termination payment thereunder;
- (30) to pay interest due in respect of the Expenses Loan;
- (31) on the Legal Final Maturity Date or, if earlier, the date on which the Notes are redeemed in full, to repay principal then due in respect of the Expenses Loan;
- (32) to pay the Issuer Return;
- (33) to pay remaining amounts (any such amounts on an Interest Payment Date, the “**Deferred Trust Consideration**” for that Interest Payment Date) to the Originator pursuant to the Asset Transfer Deed;

“Available Principal Funds” means on any Interest Payment Date the aggregate of the following:

- (1) the sterling amount to be received by the Issuer in exchange for the US dollar Asset Swap Principal Exchange Amount for the Interest Payment Date immediately following such Calculation Date;
- (2) the sterling amount to be received by the Issuer in exchange for the Euro Asset Swap Principal Exchange Amount for the Interest Payment Date immediately following such Calculation Date;
- (3) sterling Principal Collections to be available to the Issuer on the next following Interest Payment Date;
- (4) on any date upon which there are no Securitised Advances then remaining in the Securitised Portfolio, or the Notes are to be (or are scheduled to be, for the avoidance of doubt taking into account any use of the funds credited to the Liquidity Reserve Ledger) redeemed in full, amounts standing to the credit of the Reserve Account to the extent standing to the credit of the Liquidity Reserve Ledger;
- (5) all amounts of Available Income Funds to be utilised on the Interest Payment Date immediately following such Calculation Date as Re-allocated Available Income Funds in accordance with the Available Income Funds Priority of Payments in respect of reducing any credit balance on any Principal Deficiency Ledger;

“Available Principal Funds Priority of Payments” means payments and/or provisions in the following order of priority (but in each case only to the extent that all payments and/or provisions of a higher ranking priority have been paid or provided for in full):

- (1) to the Liquidity Facility Provider for repayment of all amounts outstanding under the Sterling Central Liquidity Facility Agreement;
- (2) for deposit to the Reserve Account up to an amount equal to the then shortfall (if any) between the amount then standing to the credit of the Liquidity Reserve Ledger and the Required Liquidity Reserve Amount (and any such amount so deposited pursuant to this item shall be credited to the Liquidity Reserve Ledger);
- (3) during a Substitution Period:
 - (a) subject to the discretion of the Cash Manager on behalf of the Issuer, for payment of Substitute Advance Issuer Purchase Price Amounts on such date (provided that if any such payment is in a currency other than sterling, such payment shall be made only in the event that an Asset Swap Agreement is available on such date in respect of such currency payment (in which such event the payment shall be made to the relevant swap counterparty thereunder in exchange for a currency amount equal to the relevant Substitute Advance Issuer Purchase Price Amount which shall be paid pursuant to the Asset Swap Agreement));
 - (b) retained in or deposited into the relevant Principal Collection Account in an amount not exceeding the Deposit Balance Threshold of each the Sterling Portfolio Balance, Euro Portfolio Balance and US dollar Portfolio Balance, as applicable (provided that if any such deposit is to be made in a currency other than sterling, such deposit shall be made only in the event that an Asset Swap Agreement is available on such date in respect of such currency deposit (in which such event the payment shall be made to the relevant swap counterparty thereunder in exchange for a currency amount equal to the relevant amount to be so deposited));
- (4) *pro rata* and *pari passu*:
 - (a) utilising the amount available under this item (4) multiplied by the Applicable Ratio for the A1 Notes to repay principal on the A1 Notes in an amount equal to the Principal Amount Outstanding of the A1 Notes until the A1 Notes have been repaid in full;
 - (b) utilising the amount available under this item (4) multiplied by the Applicable Ratio for the A2 Notes, to pay principal exchange amounts under A2 Funding Swap Agreement to the Swap Counterparty (and the euro amount received in exchange for such payment shall be applied to repay principal on the A2 Notes in an amount equal to the Principal Amount Outstanding of the A2 Notes until the A2 Notes have been repaid in full (or, in the event that the A2 Funding Swap Agreement has been terminated without replacement, spot exchanged into euros to repay principal on the A2 Notes in an amount equal to the Principal Amount Outstanding of the A2 Note until the A2 Notes have been repaid in full));

- (c) utilising the amount available under this item (4) multiplied by the Applicable Ratio for the A3 Notes, to pay principal exchange amounts under A3 Funding Swap Agreement to the Swap Counterparty (and the US dollar amount received in exchange for such payment shall be applied to repay principal on the A3 Notes in an amount equal to the Principal Amount Outstanding of the A3 Notes until the A3 Notes have been repaid in full (or, in the event that the A3 Funding Swap Agreement has been terminated without replacement, spot exchanged into US dollars to repay principal on the A3 Notes in an amount equal to the Principal Amount Outstanding of the A3 Notes until the A3 Notes have been repaid in full));
- (5) *pro rata and pari passu*:
- (a) utilising the amount available under this item (5) multiplied by the Applicable Ratio for the B1 Notes, to repay principal on the B1 Notes in an amount equal to the Principal Amount Outstanding of the B1 Notes until the B1 Notes have been repaid in full;
 - (b) utilising the amount available under this item (5) multiplied by the Applicable Ratio for the B2 Notes, to pay principal exchange amounts under B2 Funding Swap Agreement to the Swap Counterparty (and the euro amount received in exchange for such payment shall be applied to repay principal on the B2 Notes in an amount equal to the Principal Amount Outstanding of the B2 Notes until the B2 Notes have been repaid in full (or, in the event that the B2 Funding Swap Agreement has been terminated without replacement, spot exchanged into euros to repay principal on the B2 Notes in an amount equal to the Principal Amount Outstanding of the B2 Notes until the B2 Notes have been repaid in full));
 - (c) utilising the amount available under this item (5) multiplied by the Applicable Ratio for the B3 Notes, to pay principal exchange amounts under the B3 Funding Swap Agreement to the Swap Counterparty (and the US dollar amount received in exchange for such payment shall be applied to repay principal on the B3 Notes in an amount equal to the Principal Amount Outstanding of the B3 Notes until the B3 Note have been repaid in full (or, in the event that the B3 Funding Swap Agreement has been terminated without replacement, exchanged into US dollars to repay principal on the B3 Notes in an amount equal to the Principal Amount Outstanding of the B3 Notes until the B3 Notes have been repaid in full));
- (6) *pro rata and pari passu*:
- (a) utilising the amount available under this item (6) multiplied by the Applicable Ratio for the C1 Notes, to repay principal on the C1 Notes in an amount equal to the Principal Amount Outstanding of the C1 Notes until the C1 Notes have been repaid in full;
 - (b) utilising the amount available under this item (6) multiplied by the Applicable Ratio for the C2 Notes, to pay principal exchange amounts under C2 Funding Swap Agreement to the Swap Counterparty (and the euro amount received in exchange for such payment shall be applied to repay principal on the C2 Notes in an amount equal to the Principal Amount Outstanding of the C2 Notes until the C2 Notes have been repaid in full (or, in the event that the C2 Funding Swap Agreement has been terminated without replacement, spot exchanged into euros to repay principal on the C2 Notes in an amount equal to the Principal Amount Outstanding of the C2 Notes until the C2 Notes have been repaid in full));
- (7) *pro rata and pari passu*:
- (a) utilising the amount available under this item (7) multiplied by the Applicable Ratio for the D1 Notes, to repay principal on the D1 Notes in an amount equal to the Principal Amount Outstanding of the D1 Notes until the D1 Notes have been repaid in full;
 - (b) utilising amounts available under this item (7) multiplied by the Applicable Ratio for the D2 Notes, to pay principal exchange amounts under D2 Funding Swap Agreement to the Swap Counterparty (and the euro amount received in exchange for such payment shall be applied to repay principal on the D2 Notes in an amount equal to the Principal Amount Outstanding of the D2 Notes multiplied by the Applicable Ratio until the D2 Notes have been repaid in full (or, in the event that the D2 Funding Swap Agreement has been terminated without replacement, spot exchanged into euros to repay principal on the D2 Notes in an amount equal to the Principal Amount Outstanding of the D2 Notes until the D2 Notes have been repaid in full));

- (8) *pro rata and pari passu*:
- (a) utilising amounts available under this item (8) multiplied by the Applicable Ratio for the E1 Notes, to repay principal on the E1 Notes in an amount equal to the Principal Amount Outstanding of the E1 Notes until the E1 Notes have been repaid in full;
 - (b) utilising amounts available under this item (8) multiplied by the Applicable Ratio for the E2 Notes, to pay principal exchange amounts under E2 Funding Swap Agreement to the Swap Counterparty (and the euro amount received in exchange for such payment shall be applied to repay principal on the E2 Notes in an amount equal to the Principal Amount Outstanding of the E2 Notes multiplied by the Applicable Ratio until the E2 Notes have been repaid in full (or, in the event that the E2 Funding Swap Agreement has been terminated without replacement, spot exchanged into euros to repay principal on the E2 Notes in an amount equal to the Principal Amount Outstanding of the E2 Notes until the E2 Notes have been repaid in full));
 - (c) utilising amounts available under this item (8) multiplied by the Applicable Ratio for the E3 Notes, to pay principal exchange amounts under the E3 Funding Swap Agreement to the Swap Counterparty (and the US dollar amount received in exchange for such payment shall be applied to repay principal on the E3 Notes in an amount equal to the Principal Amount Outstanding of the E3 Notes until the E3 Note have been repaid in full (or, in the event that the E3 Funding Swap Agreement has been terminated without replacement, exchanged into US dollars to repay principal on the E3 Notes in an amount equal to the Principal Amount Outstanding of the E3 Notes until the E3 Notes have been repaid in full;
- (9) to repay principal on the F Notes until the F Notes have been repaid in full;
- (10) any funds remaining following satisfaction of all of the above items shall be deposited into the Interest Composite Account and shall form part of Available Income Funds.

“**B Global Notes**” means the B1 Regulation S Global Note Certificates, the B2 Regulation S Global Note Certificates and the B3 Global Notes;

“**B Noteholders**” means the holders of the B Notes from time to time;

“**B Principal Deficiency Ledger**” means the principal deficiency ledger maintained by the Cash Manager on behalf of the Issuer pursuant to the terms of the Cash Management Agreement in respect of the B Notes and includes the “**B Senior Principal Deficiency Sub-Ledger**” and the “**B Junior Principal Deficiency Sub-Ledger**”;

“**B Regulation S Global Note Certificate**” means any B1 Regulation S Global Note Certificate, any B2 Regulation S Global Note Certificate or any B3 Regulation S Global Note Certificate;

“**B Regulation S Individual Note Certificate**” means any B1 Regulation S Individual Note Certificate, any B2 Regulation S Individual Note Certificate or any B3 Regulations Individual Note Certificate;

“**B Transaction Liquidity Facility Availability Test**” means that there is no credit balance in respect of the B Senior Principal Deficiency Sub-Ledger;

“**B1 Regulation S Global Note Certificate**” means any global note certificate representing any B1 Notes that are Regulation S Notes in, or substantially in, the form set out in Schedule 1, Part B of the Trust Deed;

“**B1 Regulation S Individual Note Certificate**” means any individual note certificate representing any B1 Notes that are Regulation S Notes in, or substantially in, the form set out in Schedule 2, Part B of the Trust Deed;

“**B2 Funding Swap Agreement**” means the swap agreement (including the master agreement, schedule and confirmation thereto and a credit support annex) dated the Closing Date between the Issuer and the Swap Counterparty relating to the B2 Notes and pursuant to which the Issuer make an initial exchange of euros for sterling and, following the Closing Date on each Interest Payment Date, will pay to the Swap Counterparty amounts in sterling in exchange for amounts in euros required to make payments in respect of the B2 Notes, as such agreement may be amended, replaced and/or supplemented;

“**B2 Regulation S Global Note Certificate**” means any global note certificate representing any B2 Notes that are Regulation S Notes in, or substantially in, the form set out in Schedule 1, Part B of the Trust Deed;

“B2 Regulation S Individual Note Certificate” means any individual note certificate representing any B2 Notes that are Regulation S Notes in, or substantially in, the form set out in Schedule 2, Part B of the Trust Deed;

“B3 Funding Swap Agreement” means the swap agreement (including the master agreement, schedule and confirmation thereto and a credit support annex) dated the Closing Date between the Issuer and the Swap Counterparty in relation to the B3 Notes and pursuant to which the Issuer will make an initial exchange of US dollars for sterling and, following the Closing Date on each Interest Payment Date, will pay to the Swap Counterparty amounts in sterling in exchange for amounts in US dollars required to make payments in respect of the B3 Notes, as such agreement may be amended, replaced and/or supplemented;

“B3 Global Notes” means each B3 Regulation S Global Note Certificate and each B3 Rule 144A Global Note Certificate;

“B3 Regulation S Global Note Certificate” means any global note certificate representing any B3 Notes that are Regulation S Notes in, or substantially in, the form set out in Schedule 1, Part B of the Trust Deed;

“B3 Regulation S Individual Note Certificate” means any individual note certificate representing any B3 Notes that are Regulation S Notes in, or substantially in, the form set out in Schedule 2, Part B of the Trust Deed;

“B3 Rule 144A Global Note Certificate” means any global note certificate representing any B3 Notes that are Rule 144A Notes in, or substantially in, the form set out in Schedule 1, Part A of the Trust Deed bearing the Rule 144A Legend;

“B3 Rule 144A Individual Note Certificate” means any individual note certificate representing any B3 Notes that are Rule 144A Notes in, or substantially in, the form set out in Schedule 2, Part A of the Trust Deed bearing the Rule 144A Legend;

“Base Currency PAO” means, in relation to a Class of Sterling Notes, the Principal Amount Outstanding of such Class of Notes; in relation to a Class of Euro Notes, the sterling equivalent of the Principal Amount Outstanding of such Class of Notes, calculated using the applicable Funding Swap Rate in respect of the Funding Swap Agreement for that Class; and, in relation to a Class of Dollar Notes, the sterling equivalent of the Principal Amount Outstanding of such Class of Notes, calculated using the applicable Funding Swap Rate in respect of the Funding Swap Agreement for that Class; provided that if the relevant Funding Swap Agreement for a Class of Notes has been terminated without replacement, then the **“Base Currency PAO”** for such Class of Notes shall mean: in relation to a Class of Euro Notes, the sterling equivalent of the Principal Amount Outstanding of such Class of Notes, calculated using the then prevailing exchange rate for euros to sterling on the Interest Payment Date to which the calculation of the Base Currency PAO for such Class relates; and, in relation to a Class of Dollar Notes, the sterling equivalent of the Principal Amount Outstanding of such Class of Notes, calculated using the then prevailing exchange rate for US dollars to sterling on the Interest Payment Date to which the calculation of the Base Currency PAO for such Class relates;

“Borrower” means a borrower under a Loan Facility;

“Business Day” unless otherwise defined in a particular Condition means a day on which (i) commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in London and New York; and (ii) the TARGET System is open;

“C Global Notes” means the C1 Regulation S Global Note Certificates and the C2 Regulation S Global Note Certificates;

“C Noteholders” means the holders of the C Notes from time to time;

“C Principal Deficiency Ledger” means the principal deficiency ledger maintained by the Cash Manager on behalf of the Issuer pursuant to the terms of the Cash Management Agreement in respect of the C Notes and includes the **“C Senior Principal Deficiency Sub-Ledger”** and the **“C Junior Principal Deficiency Sub-Ledger”**;

“C Regulation S Global Note Certificate” means any C1 Regulation S Global Note Certificate or any C2 Regulation S Global Note Certificate;

“C Regulation S Individual Note Certificate” means any C1 Regulation S Individual Note Certificate or any C2 Regulation S Individual Note Certificate;

“C Transaction Liquidity Facility Availability Test” means that there is no credit balance in respect of the C Senior Principal Deficiency Ledger;

“C1 Regulation S Global Note Certificate” means any global note certificate representing any C1 Notes that are Regulation S Notes in, or substantially in, the form set out in Schedule 1, Part B of the Trust Deed;

“C1 Regulation S Individual Note Certificate” means any individual note certificate representing any C1 Notes that are Regulation S Notes in, or substantially in, the form set out in Schedule 2, Part B of the Trust Deed;

“C2 Funding Swap Agreement” means the swap agreement (including the master agreement, schedule and confirmation thereto and a credit support annex) dated the Closing Date between the Issuer and the Swap Counterparty relating to the C2 Notes and pursuant to which the Issuer will make an initial exchange of euros for sterling and, following the Closing Date on each Interest Payment Date, will pay to the Swap Counterparty amounts in sterling in exchange for amounts in euros required to make payments in respect of the C2 Notes, as such agreement may be amended, replaced and/or supplemented;

“C2 Regulation S Global Note Certificate” means any global note certificate representing any C2 Notes that are Regulation S Notes in, or substantially in, the form set out in Schedule 1, Part B of the Trust Deed;

“C2 Regulation S Individual Note Certificate” means any individual note certificate representing any C2 Notes that are Regulation S Notes in, or substantially in, the form set out in Schedule 2, Part B of the Trust Deed;

“Calculation Date” means the date which is 4 Business Days prior to each Interest Payment Date;

“Calculation Period” means the period from (and including) one Calculation Date (or, in respect of the first such period, the Closing Date) to (but excluding) the next following Calculation Date;

“Cash Management Agreement” means the cash management agreement dated the Closing Date between the Issuer and the Cash Manager, as such agreement may be amended, replaced and/or supplemented;

“Cash Manager” means the cash manager appointed under the Cash Management Agreement (being, on the Closing Date, HSBC Bank plc) and any successor appointed pursuant to the terms of the Cash Management Agreement;

“Closing Date” means 23 November 2005;

“Collection Account Declaration of Trust” means the collection account declaration of trust to be dated on or about the Closing Date to be made by the Originator, as the same may be amended and/or supplemented;

“Collections” means Interest Collections and Principal Collections;

“Corporate Services Agreement” means the corporate services agreement between the Issuer and the Corporate Services Provider;

“Corporate Services Provider” means Structured Finance Management Limited in its capacity as corporate services provider under the Corporate Services Agreement;

“D Global Notes” means the D1 Regulation S Global Note Certificates and the D2 Regulation S Global Note Certificates;

“D Noteholders” means holders of the D Notes from time to time;

“D Principal Deficiency Ledger” means the principal deficiency ledger maintained by the Cash Manager on behalf of the Issuer pursuant to the terms of the Cash Management Agreement in respect of the D Notes and includes the **“D Senior Principal Deficiency Sub-Ledger”** and the **“D Junior Principal Deficiency Sub-Ledger”**;

“D Regulation S Global Note Certificate” means any D1 Regulation S Global Note Certificate or any D2 Regulation S Global Note Certificate;

“D Regulation S Individual Note Certificate” means any D1 Regulation S Individual Note Certificate or any D2 Regulation S Individual Note Certificate ;

“D Transaction Liquidity Facility Availability Test” means that there is no credit balance in respect of the D Senior Principal Deficiency Sub-Ledger;

“D1 Regulation S Global Note Certificate” means any global note certificate representing any D1 Notes that are Regulation S Notes in, or substantially in, the form set out in Schedule 1, Part B of the Trust Deed;

“D1 Regulation S Individual Note Certificate” means any individual note certificate representing any D1 Notes that are Regulation S Notes in, or substantially in, the form set out in Schedule 2, Part B of the Trust Deed;

“D2 Funding Swap Agreement” means the swap agreement (including the master agreement, schedule and confirmation thereto and a credit support annex) dated the Closing Date between the Issuer and the Swap Counterparty relating to the D2 Notes and pursuant to which the Issuer will make an initial exchange of euros for sterling and, following the Closing Date on each Interest Payment Date, will pay to the Swap Counterparty amounts in sterling in exchange for amounts in euros required to make payments in respect of the D2 Notes, as such agreement may be amended, replaced and/or supplemented;

“D2 Regulation S Global Note Certificate” means any global note certificate representing any D2 Notes that are Regulation S Notes in, or substantially in, the form set out in Schedule 1, Part B of the Trust Deed;

“D2 Regulation S Individual Note Certificate” means any individual note certificate representing any D2 Notes that are Regulation S Notes in, or substantially in, the form set out in Schedule 2, Part B of the Trust Deed;

“Defaulted Advance” means a Securitised Advance upon the earlier of (a) the Borrower failing to pay any interest or principal due in respect of the relevant Advance within 24 months of such amount becoming due; or (b) the sums owed by the Borrower in respect of such Advance being written off by the Originator.

“Deferred Interest” has the meaning ascribed thereto in condition 5(a);

“Deferred Trust Consideration” means the deferred trust consideration payable by the Issuer to the Originator pursuant to the terms of the Asset Transfer Deed;

“Delinquent Advance” means a Securitised Advance in respect of which the Borrower thereunder is delinquent in making any payment of principal or interest thereunder, and which is not a Defaulted Advance;

“Dollar Funding Account” means a US dollar-denominated account relating to the payments required to be made by the Issuer in relation to the Dollar Notes;

“Dollar Notes” means the A3 Notes, B3 Notes and the E3 Notes;

“E Global Notes” means the E1 Regulation S Global Note Certificates, the E2 Regulation S Global Note Certificates and the E3 Global Notes;

“E Noteholders” means holders of the E Notes from time to time;

“E Principal Deficiency Ledger” means the principal deficiency ledger maintained by the Cash Manager on behalf of the Issuer pursuant to the terms of the Cash Management Agreement in respect of the E Notes and includes the **“E Senior Principal Deficiency Sub-Ledger”** and the **“E Junior Principal Deficiency Sub-Ledger”**;

“E Regulation S Global Note Certificate” means any E1 Regulation S Global Note Certificate, any E2 Regulation S Global Note Certificate or any E3 Regulation S Global Note Certificate;

“E Regulation S Individual Note Certificate” means any E1 Regulation S Individual Note Certificate, any E2 Regulation S Individual Note Certificate or any E3 Regulation S Individual Note Certificate;

“E Transaction Liquidity Facility Availability Test” means that there is no credit balance in respect of the E Senior Principal Deficiency Sub-Ledger;

“E Transaction Liquidity Facility Availability Test” means there is no credit balance in respect of the E Senior Principal Delinquency Sub-Ledger;

“E1 Regulation S Global Note Certificate” means any global note certificate representing any E1 Notes that are Regulation S Notes in, or substantially in, the form set out in Schedule 1, Part B of the Trust Deed;

“E1 Regulation S Individual Note Certificate” means any individual note certificate representing any E1 Notes that are Regulation S Notes in, or substantially in, the form set out in Schedule 2, Part B of the Trust Deed;

“E2 Funding Swap Agreement” means the swap agreement (including the master agreement, schedule and confirmation thereto and a credit support annex) dated the Closing Date between the Issuer and the Swap Counterparty relating to the E2 Notes and pursuant to which the Issuer will make an initial exchange of euros for sterling and, following the Closing Date on each Interest Payment Date, will pay to the Swap Counterparty amounts in sterling in exchange for amounts in euros required to make payments in respect of the E2 Notes, as such agreement may be amended, replaced and/or supplemented;

“E2 Regulation S Global Note Certificate” means any global note certificate representing any E2 Notes that are Regulation S Notes in, or substantially in, the form set out in Schedule 1, Part B of the Trust Deed;

“E2 Regulation S Individual Note Certificate” means any individual note certificate representing any E2 Notes that are Regulation S Notes in, or substantially in, the form set out in Schedule 2, Part B of the Trust Deed;

“E3 Funding Swap Agreement” means the swap agreement (including the master agreement, schedule and confirmation thereto and a credit support annex) dated the Closing Date between the Issuer and the Swap Counterparty in relation to the E3 Notes and pursuant to which the Issuer will make an initial exchange of US dollars for sterling and, following the Closing Date on each Interest Payment Date, will pay to the Swap Counterparty amounts in sterling in exchange for amounts in US dollars required to make payments in respect of the E3 Notes, as such agreement may be amended, replaced and/or supplemented;

“E3 Global Notes” means each E3 Regulation S Global Note Certificate and each E3 Rule 144A Global Note Certificate;

“E3 Regulation S Global Note Certificate” means any global note certificate representing any E3 Notes that are Regulation S Notes in, or substantially in, the form set out in Schedule 1, Part B of the Trust Deed;

“E3 Regulation S Individual Note Certificate” means any individual note certificate representing any E3 Notes that are Regulation S Notes in, or substantially in, the form set out in Schedule 2, Part B of the Trust Deed;

“E3 Rule 144A Global Note Certificate” means any global note certificate representing any E3 Notes that are Rule 144A Notes in, or substantially in, the form set out in Schedule 1, Part A of the Trust Deed bearing the Rule 144A Legend;

“E3 Rule 144A Individual Note Certificate” means any individual note certificate representing any E3 Notes that are Rule 144A Notes in, or substantially in, the form set out in Schedule 2, Part A of the Trust Deed bearing the Rule 144A Legend;

“Enforcement Notice” has the meaning ascribed thereto in Condition 10;

“EURIBOR” means the Relevant Screen Rate for the Euro Notes;

“Euro Anticipated Recovery Amount” means in respect of euro-denominated Delinquent Advances, 50% of the principal balance of Delinquent Advances on such Calculation Period;

“Euro Asset Funding Priority of Payments” refers to the application of euro Collections on each Interest Payment Date based on the calculations made on the related Calculation Date (and the Order of Calculations) in the following order of priority:

- (1) the amount payable by the Issuer on the relevant Interest Payment Date pursuant to the Euro Basis Swap Agreement (other than any Termination Payment thereunder);
- (2) the amount payable by the Issuer on the relevant Interest Payment Date pursuant to the Euro Liquidity Facility in respect of interest and commitment fees thereunder;
- (3) the amount payable (excluding any Euro Asset Swap Principal Exchange Amount or any Termination Payment) by the Issuer on the relevant Interest Payment Date pursuant to the Euro Asset Swap Agreement;
- (4) the amount payable by the Issuer on the relevant Interest Payment Date to make any repayment of principal under the Euro Liquidity Facility to the extent that then principal balance of outstanding drawings under the Euro Liquidity Facility exceeds the Euro Anticipated Recovery Amount on the relevant date of calculation;

- (5) the Euro Asset Swap Principal Exchange Amount under the Euro Asset Swap Agreement for the relevant Interest Payment Date;
- (6) any amounts remaining after payment of items (1) through (5) immediately above (other than the amount by which the Cash Manager has determined the Euro Asset Swap Principal Exchange Amount will be less than the Euro Potential Swap Principal Amount (which such amount will be deposited in the Euro Principal Collections Account)) will form part of the Euro Margin Excess Amount.

“**Euro Asset Swap Agreement**” means the swap agreement (including the master agreement, schedule and confirmation thereto and a credit support annex) dated the Closing Date, including any additional swap agreement (including the master agreement, schedule and confirmation thereto and a credit support annex) entered into after the Closing Date in accordance with the Cash Management Agreement and specified as being a “Euro Asset Swap Agreement” between the Issuer and the Swap Counterparty pursuant to which the Issuer will make payments denominated in euros in exchange for amounts in sterling referable to Sterling LIBOR, as such agreement may be amended, replaced and/or supplemented;

“**Euro Asset Swap Interest Amount**” means in relation to any Interest Payment Date the sterling amount to be received from the Swap Counterparty in relation to the exchange of non-principal payments under the Euro Asset Swap Agreement (or, where the Euro Asset Swap Agreement has been terminated without replacement, the euro amounts which would otherwise have been available for payment to the Swap Counterparty by the Issuer under the Euro Asset Swap Agreement shall be exchanged into sterling on such Interest Payment Date and shall form the Euro Asset Swap Interest Amount);

“**Euro Asset Swap Issuer Interest Payment**” means in relation to any Interest Payment Date, the euro amount required to be paid by the Issuer pursuant to the Euro Asset Swap Agreement in exchange for the Euro Asset Swap Interest Amount;

“**Euro Asset Swap Principal Exchange Amount**” means in relation to any Interest Payment Date the euro amount to be exchanged by the Issuer under the Euro Asset Swap Agreement on that Interest Payment Date for an amount in sterling referable to Sterling LIBOR (or, in the event that the Euro Asset Swap Agreement has been terminated without replacement, the amount which would otherwise have been exchanged thereunder on such Interest Payment Date ;

“**Euro Basis Swap Agreement**” means the swap agreement (including the master agreement, schedule and confirmation thereto and a credit support annex) dated the Closing Date between the Issuer and the Swap Counterparty pursuant to which the Issuer will make payments denominated in euro in exchange for amounts in euro referable to EURIBOR, as such agreement may be amended, replaced and/or supplemented;

“**Euro Collection Account**” means a euro-denominated account into which all euro Collections paid to the Issuer in respect of the Issuer’s Portfolio Interest will be paid;

“**Euro Funding Account**” means a euro-denominated account relating to the payments required to be made by the Issuer in relation to the Euro Notes;

“**Euro Interest Collections (Basis) Account**” means a euro-denominated account into which all euro Interest Collections (Basis) paid to the Issuer in respect of the Issuer’s Portfolio Interest and withdrawn from the Euro Collection Account on a daily basis will, along with certain other specified amounts, be paid;

“**Euro Interest Collections (Margin) Account**” means a euro-denominated account into which all euro Interest Collections which are not Interest Collections (Basis) paid to the Issuer in respect of the Issuer’s Portfolio Interest and withdrawn from the Euro Collection Account on a daily basis will, along with certain other specified amounts, be paid;

“**Euro Liquidity Facility**” means a euro-denominated liquidity facility agreement in respect of euro-denominated payments to be made by the Issuer under the Euro Asset Swap Agreement;

“**Euro Liquidity Facility Agreement**” means the euro-denominated liquidity facility agreement dated the Closing Date between the Issuer and the Liquidity Facility Provider, as such agreement may be amended, replaced and/or supplemented;

“**Euro Margin Excess Amount**” means the amount in sterling which represents the sterling exchanged amount by which euro-denominated Interest Collections (Margin) exceed the Euro Asset Swap Issuer Interest Payment in relation to an Interest Payment Date and exchanged pursuant to the terms of the Cash Management Agreement;

“**Euro Notes**” means the A2 Notes, the B2 Notes, the C2 Notes, the D2 Notes and the E2 Notes;

“**Euro Portfolio Balance**” means on any date of calculation an amount equal to the then principal balance of all euro-denominated Securitised Advances which are not Defaulted Advances plus any amounts standing to the credit of the Euro Principal Collections Account on such date;

“**Euro Principal Collections Account**” means a euro-denominated account into which all euro Principal Collections paid to the Issuer in respect of the Issuer’s Portfolio Interest, and certain other specified amounts and withdrawn from the Euro Collection Account on a daily basis will, along with certain other specified amounts, be paid;

“**Euro Swap Interest Collections (Basis) Account**” means a euro-denominated account into which all euro swapped amounts in respect of Interest Collections (Basis) paid to the Issuer in respect of the Issuer’s Portfolio Interest, and certain other specified amounts, will be paid;

“**Eurozone**” means the region comprised of member states of the European Union that adopt the euro in accordance with the EC Treaty;

“**Event of Default**” has the meaning ascribed thereto in Condition 10;

“**Expenses Loan Agreement**” means the expenses loan agreement made on the Closing Date between the Issuer and the Expenses Loan Provider, as the same may be amended, replaced and/or supplemented;

“**Expenses Loan Provider**” means the lender under the Expenses Loan Agreement;

“**Extraordinary Resolution**” means a resolution passed at a Meeting duly convened and held in accordance with the Provisions for Meetings of Noteholders by a majority of not less than three quarters of the votes cast;

“**F Global Notes**” means the F Regulation S Global Note Certificate;

“**F Noteholders**” means the holders of the F Notes from time to time;

“**F Principal Deficiency Ledger**” means the principal deficiency ledger maintained by the Cash Manager on behalf of the Issuer pursuant to the terms of the Cash Management Agreement in respect of the F Notes;

“**F Regulation S Global Note Certificate**” means any global note certificate representing any F Notes that are Regulation S Notes in, or substantially in, the form set out in Schedule 1, Part B of the Trust Deed;

“**F Regulation S Individual Note Certificate**” means any individual note certificate representing any F Notes that are Regulation S Notes in, or substantially in, the form set out in Schedule 2, Part B of the Trust Deed;

“**Funding Swap Agreements**” means the A2 Funding Swap Agreement, the A3 Funding Swap Agreement, the B2 Funding Swap Agreement, the B3 Funding Swap Agreement, the C2 Funding Swap Agreement, the D2 Funding Swap Agreement, the E2 Funding Swap Agreement and the E3 Funding Swap Agreement, as such agreement may be amended, replaced and/or supplemented, and “**Funding Swap Agreement**” means any one of them;

“**Funding Swap Rate**” means, with respect to the Class A2 notes €1 = £0.676000; with respect to the Class B2 notes €1 = £0.675895; with respect to the Class C2 notes €1 = £0.676157; with respect to the Class D2 notes €1 = £0.675944; with respect to the Class E2 notes €1 = £0.675949; with respect to the Class A3 notes \$1 = £0.576368; with respect to the Class B3 notes \$1 = £0.576369; with respect to the Class E3 notes \$1 = £0.576369;

“**Global Note Certificate**” means a Regulation S Global Note Certificate or a Rule 144A Global Note Certificate or any of them;

“**Global Notes**” means the A Global Notes, the B Global Notes, the C Global Notes, the D Global Notes, the E Global Notes and the F Global Notes or any of them;

“**Individual Note Certificate**” means a Regulation S Individual Note Certificate or a Rule 144A Individual Note Certificate or any of them;

“**Individual Notes**” means the A Individual Notes, the B Individual Notes, the C Individual Notes, the D Individual Notes, the E Individual Notes and the F Individual Notes or any of them;

“**Initial Required Reserve Amount**” means £48,000,000;

“Interest Amount” has the meaning ascribed thereto in Condition 5(f);

“Interest Collections” means all payments of interest in relation to Securitised Advances including:

- (i) late payment penalties,
- (ii) prepayment penalties or any analogous penalty,
- (iii) interest components of liquidation proceeds in respect of any Defaulted Advance to the extent such proceeds are realised on the day upon which the relevant Securitised Advance becomes a Defaulted Advance;
- (iv) liquidation proceeds in respect of any Defaulted Advance to the extent such proceeds are realised at any time after the day upon which the relevant Securitised Advance becomes a Defaulted Advance (and any such liquidation proceeds are called **“Recoveries”**);
- (v) the amount paid in relation to accrued but unpaid interest (to the date of re-acquisition) in relation to a Securitised Advance which is re-acquired by the Originator in accordance with the terms of the Asset Transfer Deed and in respect of which Re-acquisition Proceeds are paid;
- (vi) any increase in or element of such interest relating to mandatory liquid asset costs (being the non-interest-bearing deposits required to be made by the made by the Originator with the Bank of England and the Financial Services Authority fee required to be paid in accordance with UK banking regulation and which may be a component of the interest payments made under certain of the Securitised Advances);
- (vii) the interest component of proceeds of guarantees or other security relating to such Securitised Advances;

but not including any commitment fee, undrawn commitment fee, facility entry fee, agency fee or administration fee or any other fee not being referable to interest charged or principal to be repaid in relation to a Securitised Advance;

“Interest Collections (Basis)” means Interest Collections of basis amounts in respect of the Securitised Portfolio;

“Interest Collections (Margin)” means Interest Collections in respect of the Securitised Portfolio which are not Interest Collections (Basis);

“Interest Composite Account” means a sterling-denominated account into which Interest Collections and certain designated swap amounts representing Interest Collections and withdrawn from Interest Collections (Basis) Account and the Interest Collections (Margin) Account on a monthly or quarterly basis will, along with certain other specified amounts being paid pursuant to the Asset Swap Agreements be paid;

“Interest Determination Date” means:

- (i) in the case of Sterling Notes and any Interest Period in respect of which a Rate of Interest is to be established, the first day of such Interest Period;
- (ii) in the case of Euro Notes and any Interest Period in respect of which a Rate of Interest is to be established, the day which is two TARGET Business Days before the first day of such Interest Period; and
- (iii) in the case of Dollar Notes and any Interest Period in respect of which a Rate of Interest is to be established, the day which is two London Banking Days before the first day of such Interest Period;

“Interest Payment Date” has the meaning ascribed thereto in Conditions 5(b);

“Interest Period” has the meaning ascribed thereto in Condition 5(c);

“Issuer Accounts” means the Sterling Collection Account, the US dollar Collection Account, the Euro Collection Account, the Sterling Principal Collections Account, the US dollar Principal Collections Account, the Euro Principal Collections Account, the Sterling Interest Collections (Basis) Account, the US dollar Interest Collections (Basis) Account, the Euro Interest Collections (Basis) Account, the Sterling Interest Collections (Margin) Account, the US dollar Interest Collections (Margin) Account, Euro Interest Collections (Margin) Account, the Sterling Swap Interest Collections (Basis) Account, the US dollar Swap Interest Collections (Basis) Account, the Euro Swap Interest Collections (Basis) Account, the Reserve Account, the operational account, the Principal Composite Account, the Interest

Composite Account, the Sterling Funding Account, the Euro Funding Account, the Dollar Funding Account, and such other accounts as the Issuer (or the Cash Manager) may establish in the name of the Issuer from time to time;

“Issuer Return” means, for any Interest Payment Date, an amount equal to: $A + B + C$ where: A = the product of (a) a fraction, the numerator of which is the actual number of days in the Calculation Period with respect to the related Interest Payment Date and the denominator of which is 365, (b) 0.01 per cent. per annum and (c) £250,000,000; and B = the product of (a) a fraction, the numerator of which is the actual number of days in the Calculation Period with respect to the related Interest Payment Date and the denominator of which is 365, (b) 0.001 per cent. per annum and (c) any amount of the Issuer’s Portfolio Interest then in excess of £250,000,000 as at the Calculation Date immediately preceding that Interest Payment Date; C = an amount equal to a specified fraction of the costs of the issue of the Notes;

“Issuer’s Portfolio Interest” means the fixed 99% undivided interest of the Issuer in the Securitised Portfolio as constituted pursuant to the Asset Transfer Deed;

“Legal Final Maturity Date” means the Interest Payment Date falling in February 2019;

“Liquidity Facilities” means collectively, the Euro Liquidity Facility, the US dollar Liquidity Facility and the Sterling Central Liquidity Facility;

“Liquidity Facility Agreements” means collectively, the Sterling Central Liquidity Facility Agreement; the Euro Liquidity Facility Agreement and the US dollar Liquidity Facility Agreement;

“Liquidity Facility Provider” means the liquidity facility provider under the Sterling Central Liquidity Facility Agreement, the Euro Liquidity Facility Agreement or the US dollar Liquidity Facility Agreement, as applicable;

“Liquidity Reserve Ledger” means the ledger designated as the ‘Liquidity Reserve Ledger’ under the Reserve Account which is maintained by the Cash Manager on behalf of the Issuer pursuant to the terms of the Cash Management Agreement;

“Loan Facility” means a revolving or term corporate credit agreement (not a lease or a project financing or a structured finance obligation);

“London Banking Day” means a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealings in foreign exchange and foreign currency deposits) in London;

“Master Definitions Schedule” means the master definitions schedule to be dated on or about the Closing Date between, *inter alios*, the Issuer and the Trustee, as the same may be amended and/or supplemented;

“Meeting” means a meeting of Noteholders of any Class (whether originally convened or resumed following an adjournment);

“Minimum Denomination” means £50,000 (and integral multiples of £10,000 in excess thereof) in the case of the Sterling Notes, €50,000 (and integral multiples of €10,000 in excess thereof) in the case of the Euro Notes, and \$100,000 (and integral multiples of \$10,000 in excess thereof) in the case of the Dollar Notes;

“Moody’s” means Moody’s Investors Service Limited;

“Most Senior Class” means, the A Notes whilst they remain outstanding and thereafter the B Notes whilst they remain outstanding and thereafter the C Notes whilst they remain outstanding and thereafter the D Notes whilst they remain outstanding and thereafter the E Notes whilst they remain outstanding and thereafter the F Notes in each case, including all sub-classes therein;

“Note Certificate” means a certificate representing a Global Note or an Individual Note, in the respective forms;

“Noteholders” means the holders of the Notes from time to time and **“Noteholder”** means any one of them;

“Notification Screen” has the meaning ascribed thereto in Condition 15;

“Option Exchange Agreements” means the option exchange swap agreements between the Issuer and the Swap Counterparty dated the Closing Date (as the same may be amended and/or supplemented) and each such Option Exchange Agreement has a four year maturity and pursuant to which the Issuer will be permitted to exchange specified amounts of sterling (in an aggregate amount of approximately

£400,000,000) and to receive net US dollar amounts or euro amounts, as the case may be, at pre-determined and fixed exchange rates;

“**Order of Calculations**” refers to calculations and payments in the following order (and, in some cases, the relevant calculation in the Order of Calculations will require a notional calculation to be made in accordance with the Asset Funding Priorities of Payments, the Available Income Funds Priority of Payments or the Available Principal Funds Priority of Payments but such notional calculations are made in order to facilitate calculation of relevant amounts which will, on the specified day, be paid in accordance with such priorities):

- (1) notionally applying the Asset Funding Priorities of Payments, calculate the anticipated level of Principal Collections (including any Euro Asset Swap Principal Exchange Amount and/or US dollar Asset Swap Principal Exchange Amount) which will be available for application under item (1) of the Available Principal Funds Priority of Payments in repayment of the Sterling Central Liquidity Facility;
- (2) notionally applying the Asset Funding Priorities of Payments, calculate the amounts which will be required to be drawn under the Sterling Central Liquidity Facility (and, where required, calculated pursuant to the forward rate of exchange contracts to be entered thereunder for exchange on the next following Interest Payment Date);
- (3) determine the application of funds and make payments in accordance with the Asset Funding Priority of Payments;
- (4) determine the amount of Principal Collections (including any Euro Asset Swap Principal Exchange Amount and/or US dollar Asset Swap Principal Exchange Amount) which will be available for application under item (1) of the Available Principal Funds Priority of Payments in repayment of the Sterling Central Liquidity Facility;
- (5) notionally applying the Available Principal Funds Priority of Payments, determine the Total Principal Deficiency after such notional application of the Available Principal Funds Priority of Payments and allocate relevant amounts to the Principal Deficiency Ledgers;
- (6) determine the application of funds and make payments in accordance with the Available Income Funds Priority of Payments;
- (7) determine the application of Available Principal Funds (including Re-allocated Available Income Funds) and make payments in accordance with the Available Principal Funds Priority of Payments;

“**Originator**” means HSBC Bank plc;

“**Other Relevant Documents**” has the meaning ascribed thereto in Condition 12(a);

“**Paying Agents**” means the Principal Paying Agent and the New York Paying Agent together with any successor or additional paying agents appointed from time to time in connection with the Notes under the Agency Agreement;

“**Permitted Investments**” means with respect to investment of funds standing to the credit of or to the order of any Issuer Account:

- (a) demand or time deposits, certificates of deposit and short-term unsecured debt obligations including commercial paper provided that the short-term unsecured, unsubordinated and unguaranteed debt obligations of the issuing entity or, if such investment is guaranteed, of the guaranteeing entity, are rated A-1+ by Standard & Poor’s or the long-term unsecured and unguaranteed debt obligations of the issuing entity or, if such investment is guaranteed, of the guaranteeing entity, are rated AAA by Standard & Poor’s and the short-term unsecured, unsubordinated and unguaranteed debt obligations of the issuing entity or, if such investment is guaranteed, of the guaranteeing entity, are rated P-1 by Moody’s and the long-term unsecured and unguaranteed debt obligations of the issuing entity, or if such investment is guaranteed, of the guaranteeing entity, are rated A1 by Moody’s; and
- (b) a guaranteed investment contract with a Qualifying Institution (which initially is contemplated to be HSBC) in respect of such account; or
- (c) any other investment with the consent of the Rating Agencies which would not adversely affect the then current ratings) of the Notes or, if the Notes are no longer rated by the Rating Agencies, the investment in which is approved by the Trustee,

provided that each such investment must be denominated in the currency of the relevant Issuer Account and must mature on or before the first date upon which a payment is required to be made out of such account after the date on which such investment is made or acquired (and in any such case must be less than three months);

“**Pool Factor**” has the meaning ascribed thereto in Condition 6(b);

“**Post Enforcement Call Option Agreement**” has the meaning ascribed thereto in Condition 6(g);

“**Post-Enforcement Payment Priorities**” has the meaning ascribed thereto in Condition 3(i);

“**Principal Amortisation Amount**” has the meaning ascribed thereto in Condition 6(b);

“**Principal Amount Outstanding**” has the meaning ascribed thereto in Condition 6(a);

“**Principal Collections**” means all principal repayments in relation to Securitised Advances including:

- (i) the principal component of proceeds of applicable guarantees or other security relating to such Securitised Advances;
- (ii) the proceeds of re-acquisition of such Securitised Advance where the Originator is required to re-acquire, for breach of warranty or otherwise, the relevant Securitised Advance pursuant to the terms of the Asset Transfer Deed to the extent that such proceeds relate to the principal balance of the relevant Securitised Advance (and such principal proceeds of re-acquisition are called “**Re-acquisition Proceeds**”); and
- (iii) the principal component realised in respect of any liquidation proceeds in respect of any Defaulted Advance to the extent such proceeds are realised on the day upon which the relevant Securitised Advance becomes a Defaulted Advance;

“**Principal Composite Account**” means a sterling-denominated account into which Principal Collections and certain designated swapped amounts representing Principal Collections and withdrawn from the Principal Collections Account on a quarterly basis will, along with certain other specified amounts being paid pursuant to the Asset Swap Agreements be paid;

“**Priority of Payments**” means the Available Income Funds Priority of Payments, the Available Principal Funds Priority of Payments and the Post-Enforcement Payment Priorities, as applicable;

“**Provisions for Meetings of Noteholders**” means the provisions so named and contained in Schedule 6 to the Trust Deed;

“**Qualifying Institution**” means an institution with the Required Rating;

“**Rate of Interest**” has the meaning ascribed thereto in Condition 5(d);

“**Rating Agencies**” means Moody’s and Standard & Poor’s and “**Rating Agency**” means any of them;

“**Re-Allocated Available Income Funds**” means all amounts applied to cure any credit balance in respect of a Principal Deficiency Ledger and/or Principal Deficiency Sub-Ledger;

“**Record Date**” has the meaning ascribed thereto in Condition 7;

“**Reference Banks**” means, for the purposes of the Sterling Notes and the Dollar Notes, four major banks in the London interbank market and, for the purposes of the Euro Notes, four major banks in the Eurozone interbank market, in each case selected by the Agent Bank;

“**Regulation S**” means Regulation S under the Securities Act;

“**Regulation S Global Note Certificates**” means the A Regulation S Global Note Certificates, the B Regulation S Global Note Certificates, the C Regulation S Global Note Certificates, the D Regulation S Global Note Certificates, the E Regulation S Global Note Certificates and the F Regulation S Global Note Certificates and “**Regulation S Global Note Certificate**” means any of them;

“**Regulation S Individual Note Certificates**” means the A Regulation S Individual Note Certificates, the B Regulation S Individual Note Certificates, the C Regulation S Individual Note Certificates, the D Regulation S Individual Note Certificates, the E Regulation S Individual Note Certificates and the F Regulation S Individual Note Certificates and “**Regulation S Individual Note Certificate**” means any of them;

“**Regulation S Notes**” means Notes of any Class sold to non-U.S. persons in reliance on Regulation S;

“**Regulatory Information Service**” means a primary information provider service that the Financial Services Authority has approved, and whose name appears in Appendix 3 to the UKLA Listing Rules;

“**relevant date**” has the meaning ascribed thereto in Condition 8;

“**Relevant Financial Centre**” means London (in the case of the Sterling Notes and the Dollar Notes) or the Eurozone (in the case of the Euro Notes).

“**Relevant Screen Rate**” means (i) in respect of the Sterling Notes, the rate for three-month sterling deposits or, in the case of the first Interest Period, the interpolated rate for two and three month sterling deposits, (ii) in respect of the Euro Notes, the rate for three-month euro deposits or, in the case of the first Interest Period, the interpolation rate for two and three month euro deposits, and (iii) in respect of the Dollar Notes, the rate for three-month US dollar deposits or, in the case of the first Interest Period, the interpolation rate for two and three month US dollar deposits, (iv) in the case of each of the Sterling Notes and the Dollar Notes, displayed on Moneyline Telerate page 3750 (or such replacement page on that service which displays the information); and, (v) in the case of the Euro Notes, displayed on Moneyline Telerate page 248 (or such replacement page on that service which displays the information);

“**Relevant Time**” means in respect of the Sterling Notes and the Dollar Notes, 11.00 a.m. London time and in respect of the Euro Notes, 11.00 a.m. Brussels time;

“**Required Liquidity Reserve Amount**” means on any date of calculation an amount equal to: (a) on or after the Interest Payment Date falling in February 2014, £10,000,000; (b) on any Interest Payment Date upon which the Total Portfolio Balance as calculated on such date is less than 10% of the Total Portfolio Balance calculated as at the Closing Date, £10,000,000; or (c) on any other Interest Payment Date, zero;

“**Required Rating**” means a short-term unsecured debt rating of “A-1+” by Standard and Poor’s and “P-1” by Moody’s;

“**Required Reserve Amount**” means the greatest of:

(1) the Initial Required Reserve Amount;

or

(2) $A \times 0.7/B$ where:

A = the Initial Required Reserve Amount;

$B = Z/Y - 0.05$

Where Z = the forward US dollar to sterling exchange rate for the next following Interest Payment Date as determined by the Cash Manager; and where Y = the US dollar to sterling exchange rate under the Asset Swap Agreement as at the Closing Date;

or

(3) $A \times 0.7/B$ where:

A = the Initial Required Reserve Amount;

$B = V/T - 0.05$

where V = the forward euro to sterling exchange rate for the next following Interest Payment Date as determined by the Cash Manager; and where T = the euro to sterling exchange rate under the Asset Swap Agreement as at the Closing Date;

“**Reserve Account**” means the reserve account maintained by the Issuer (or the Cash Manager on behalf of the Issuer) pursuant to the terms of the Cash Management Agreement;

“**Reserve Ledger**” means the ledger designated as the ‘Reserve Ledger’ under the Reserve Account which is maintained by the Cash Manager on behalf of the Issuer pursuant to the terms of the Cash Management Agreement;

“**Reserved Matter**” has the meaning ascribed thereto in Condition 12(a);

“**Rule 144A**” means Rule 144A under the Securities Act;

“**Rule 144A Global Note Certificates**” means the A Rule 144A Global Note Certificates, the B3 Rule 144A Global Note Certificates and the E3 Rule 144A Global Note Certificates and “Rule 144A Global Note Certificate” means any of them;

“**Rule 144A Individual Note Certificates**” means the A Rule 144A Individual Note Certificates, the B3 Rule 144A Individual Note Certificates and the E3 Rule 144A Individual Note Certificates and “**Rule 144A Individual Note Certificate**” means any of them;

“**Rule 144A Legend**” means the transfer restriction legend relating to the Securities Act set out in the forms of the Rule 144A Individual Note Certificates and the Rule 144A Global Note Certificates;

“**Rule 144A Notes**” means Notes of any Class sold in reliance on Rule 144A;

“**Securities Act**” means the United States Securities Act of 1933, as amended;

“**Securitized Advance**” means the specified Advances which are subject to the provisions of the Asset Transfer Deed;

“**Securitized Portfolio**” means the Securitized Advances and rights relating thereto;

“**Standard and Poor’s**” means Standard and Poor’s—A division of the McGraw-Hill Companies;

“**Sterling Asset Funding Priority of Payments**” refers to the application of sterling Collections on each Interest Payment Date based on the calculations made on the related Calculation Date (and the Order of Calculations) in the following order of priority:

- (1) the amount payable by the Issuer on the relevant Interest Payment Date pursuant to the Sterling Basis Swap Agreement (other than any Termination Payment thereunder);
- (2) during a Substitution Period, any sterling-denominated Substitute Advance Issuer Purchase Price Amounts payable on such date;
- (3) any amounts remaining after payment of items (1) and (2) immediately above shall, to the extent such amounts are Interest Collections, form a part of the Available Income Funds for the relevant Interest Payment Date and, to the extent such amounts are Principal Collections, form a part of the Available Principal Funds for the relevant Interest Payment Date;

“**Sterling Basis Swap Agreement**” means the swap agreement (including the master agreement, schedule and confirmation thereto and a credit support annex) dated the Closing Date between the Issuer and the Swap Counterparty pursuant to which the Issuer will make payments denominated in sterling in exchange for amounts in sterling referable to Sterling LIBOR, as such agreement may be amended, replaced and/or supplemented;

“**Sterling Central Liquidity Facility**” means a sterling-denominated liquidity facility agreement in respect of sterling payment amounts required to be made by the Issuer;

“**Sterling Central Liquidity Facility Agreement**” means the sterling-denominated liquidity facility agreement dated the Closing Date between the Issuer and the Liquidity Facility Provider, as such agreement may be amended, replaced and/or supplemented;

“**Sterling Collection Account**” means a sterling-denominated account into which all sterling Collections paid to the Issuer in respect of the Issuer’s Portfolio Interest will be paid;

“**Sterling Funding Account**” means a sterling-denominated account relating to the payments required to be made by the Issuer in relation to the Sterling Notes;

“**Sterling Interest Collections (Basis) Account**” means a sterling-denominated account into which all sterling Interest Collections (Basis) paid to the Issuer in respect of the Issuer’s Portfolio Interest and withdrawn from the Sterling Collection Account on a daily basis will, along with certain other specified amounts, be paid;

“**Sterling Interest Collections (Margin) Account**” means a sterling-denominated account into which all sterling Interest Collections which are not Interest Collections (Basis) paid to the Issuer in respect of the Issuer’s Portfolio Interest and withdrawn from the Sterling Collection Account on a daily basis will, along with certain other specified amounts, be paid;

“**Sterling LIBOR**” means the Relevant Screen Rate for the Sterling Notes.

“**Sterling Notes**” means the A1 Notes, the B1 Notes, the C1 Notes, the D1 Notes, the E1 Notes and the F Notes.

“**Sterling Portfolio Balance**” means on any date of calculation an amount equal to the then principal balance of all sterling-denominated Securitized Advances which are not Defaulted Advances plus any amounts standing to the credit of the Sterling Principal Collections Account on such date;

“**Sterling Principal Collections Account**” means a sterling-denominated account into which all sterling Principal Collections paid to the Issuer in respect of the Issuer’s Portfolio Interest and withdrawn from the Sterling Collection Account on a daily basis will, along with certain other specified amounts, be paid;

“Sterling Swap Interest Collections (Basis) Account” means a sterling-denominated account into which all swapped amounts in respect of sterling Interest Collections (Basis) paid to the Issuer in respect of the Issuer’s Portfolio Interest, and certain other specified amounts, will be paid;

“Subscription Agreement” means the agreement so named dated on or about 18 November 2005 between the Issuer, the Originator and the managers referred to therein;

“Substitution Period” means anytime during which a Substitution Period End Trigger is not subsisting;

“Substitution Period End Trigger” means the occurrence of any of the following events: (a) any of the Swap Agreements being terminated without replacement; (b) there being any an amount then credited to the F Principal Deficiency Ledger; or (c) a date falling after the Interest Payment Date falling in November 2009;

“Swap Agreements” means the Asset Swap Agreements, the Funding Swap Agreements and the Option Exchange Agreements and **“Swap Agreement”** means any one of them;

“Swap Counterparty” means the swap counterparty under any Swap Agreement and any successor thereto;

“Swap Counterparty Default” means the occurrence of an Additional Termination Event, a Termination Event resulting from a Tax Event Upon Merger or an Event of Default (as each such term is defined in the applicable Asset Swap Agreement or Funding Swap Agreement), in each case, where the Swap Counterparty is the sole Affected Party or the Defaulting Party, as the case may be (as each such term is defined in the applicable Swap Agreement) and the relevant Swap Agreement is terminated as a result thereof;

“TARGET Business Day” means a day on which the TARGET System is open for settlement of payments in euro;

“TARGET System” means the Trans-European Automated Real-time Gross Settlement Express Transfer System;

“Termination Payment” means a termination payment calculated in accordance with the relevant Swap Agreement pursuant to the terms thereof;

“Total Portfolio Balance” is the aggregate amount of the Euro Portfolio Balance, US dollar Portfolio Balance and Sterling Portfolio Balance (and when the Total Portfolio Balance is required to be expressed or calculated in one currency (the **“base currency”**), those components comprising the Total Portfolio Balance which are not expressed in the base currency will be converted for the purposes of any such expression or calculation using the exchange rate under the Asset Swap Agreements);

“Transaction Documents” means the Account Bank Agreement, the Asset Transfer Deed, the Collection Account Declaration of Trust, the Liquidity Facility Agreements, the Agency Agreement, the Post Enforcement Call Option Agreement, the Deed of Charge, the Cash Management Agreement, the Swap Agreements, the Master Definitions Schedule, the Trust Deed, the Expenses Loan Agreement and the Subscription Agreement;

“US dollar Anticipated Recovery Amount” means in respect of US dollar-denominated Delinquent Advances, 50% of the principal balance of such Delinquent Advances on such Calculation Period;

“US dollar Asset Funding Priority of Payments” refers to the application of US dollar Collections on each Interest Payment Date based on the calculations made on the related Calculation Date (and the Order of Calculations) in the following order of priority:

- (1) the amount payable by the Issuer on the relevant Interest Payment Date pursuant to the US dollar Basis Swap Agreement (other than any Termination Payment thereunder);
- (2) the amount payable by the Issuer on the relevant Interest Payment Date pursuant to the US dollar Liquidity Facility in respect of interest and commitment fees thereunder;
- (3) the amount payable (excluding any US dollar Asset Swap Principal Exchange Amount or any Termination Payment) by the Issuer on the relevant Interest Payment Date pursuant to the US dollar Asset Swap Agreement;
- (4) the amount payable by the Issuer on the relevant Interest Payment Date to make any repayment of principal under the US dollar Liquidity Facility to the extent that then principal balance of outstanding drawings under the US dollar Liquidity Facility exceeds the US dollar Anticipated Recovery Amount on the relevant date of calculation;

- (5) the US dollar Asset Swap Principal Exchange Amount under the US dollar Asset Swap Agreement for the relevant Interest Payment Date;
- (6) any amounts remaining after payment of items (1) through (5) immediately above (other than the amount by which the Cash Manager has determined the US dollar Asset Swap Principal Exchange Amount will be less than the US dollar Potential Swap Principal Amount (which such amount will be deposited in the US dollar Principal Collections Account)) will form part of the US dollar Margin Excess Amount;

“US dollar Asset Swap Agreement” means the swap agreement (including the master agreement, schedule and confirmation thereto and a credit support annex) dated the Closing Date, including any additional swap agreement (including the master agreement, schedule and confirmation thereto and a credit support annex) entered into after the Closing Date in accordance with the Cash Management Agreement and specified as being a “US dollar Asset Swap Agreement” between the Issuer and the Swap Counterparty pursuant to which the Issuer will make payments denominated in US dollars in exchange for amounts in sterling referable to Sterling LIBOR, as such agreement may be amended, replaced and/or supplemented;

“US dollar Asset Swap Interest Amount” means in relation to any Interest Payment Date the sterling amount to be received from the Swap Counterparty in relation to the exchange of non-principal payments under the US dollar Asset Swap Agreement (or, where the US dollar Asset Swap Agreement has been terminated without replacement, the US dollar amounts which would otherwise have been available for payment to the Swap Counterparty by the Issuer under the US dollar Asset Swap Agreement shall be exchanged into sterling on such Interest Payment Date and shall form the US dollar Asset Swap Interest Amount);

“US dollar Asset Swap Issuer Interest Payment” means in relation to any Interest Payment Date, the US dollar amount required to be paid by the Issuer pursuant to the US dollar Asset Swap Agreement in exchange for the US dollar Asset Swap Interest Amount;

“US dollar Asset Swap Principal Exchange Amount” means in relation to any Interest Payment Date the US dollar amount to be exchanged by the Issuer under the US dollar Asset Swap Agreement on that Interest Payment Date for an amount in sterling referable to Sterling LIBOR (or, in the event that the US dollar Asset Swap Agreement has been terminated without replacement, the amount which would otherwise have been exchanged thereunder on such Interest Payment Date);

“US dollar Basis Swap Agreement” means the swap agreement (including the master agreement, schedule and confirmation thereto and a credit support annex) dated the Closing Date between the Issuer and the Swap Counterparty pursuant to which the Issuer will make payments denominated in US dollars in exchange for amounts in US dollars referable to US dollar LIBOR, as such agreement may be amended, replaced and/or supplemented;

“US dollar Collection Account” means a US dollar-denominated account into which all US dollar Collections paid to the Issuer in respect of the Issuer’s Portfolio Interest will be paid;

“US dollar Interest Collections (Basis) Account” means a US dollar-denominated account into which all US dollar Interest Collections (Basis) paid to the Issuer in respect of the Issuer’s Portfolio Interest and withdrawn from the US dollar Collection Account on a daily basis will, along with certain other specified amounts, be paid;

“US dollar Interest Collections (Margin) Account” means a US dollar-denominated account into which all US dollar Interest Collections which are not Interest Collections (Basis) paid to the Issuer in respect of the Issuer’s Portfolio Interest and withdrawn from the US dollar Collection Account on a daily basis will, along with certain other specified amounts, be paid;

“US dollar LIBOR” means the Relevant Screen for the Dollar Notes;

“US dollar Liquidity Facility” a US dollar-denominated liquidity facility agreement in respect of US dollar-denominated payments to be made by the Issuer under the US dollar Asset Swap Agreement;

“US dollar Liquidity Facility Agreement” means the US dollar-denominated liquidity facility agreement dated the Closing Date between the Issuer and the Liquidity Facility Provider, as such agreement may be amended, replaced and/or supplemented;

“US dollar Margin Excess Amount” means the amount in sterling which represents the sterling exchanged amount by which US dollar-denominated Interest Collections (Margin) exceed the US dollar

Asset Swap Issuer Interest Payment in relation to an Interest Payment Date and exchanged pursuant to the terms of the Cash Management Agreement;

“**US dollar Portfolio Balance**” means on any date of calculation an amount equal to the then principal balance of all US dollar-denominated Securitised Advances which are not Defaulted Advances plus any amounts standing to the credit of the US dollar Principal Collections Account on such date;

“**US dollar Principal Collections Account**” means a US dollar-denominated account into which all US dollar Principal Collections paid to the Issuer in respect of the Issuer’s Portfolio Interest, and withdrawn from the US dollar Collection Account on a daily basis will, along with certain other specified amounts, be paid;

“**US dollar Swap Interest Collections (Basis) Account**” means a US dollar-denominated account into which all swapped amounts in respect of US dollar Interest Collections (Basis) paid to the Issuer in respect of the Issuer’s Portfolio Interest, and certain other specified amounts, will be paid;

3. Status, Priority and Security

Status and Priority

- (a) The Notes constitute direct, secured and unconditional obligations of the Issuer. The A Notes rank *pari passu* and rateably without preference or priority amongst themselves. The B Notes rank *pari passu* and rateably without preference or priority among themselves. The C Notes rank *pari passu* and rateably without preference or priority among themselves. The D Notes rank *pari passu* and rateably without preference or priority among themselves. The E Notes rank *pari passu* and rateably without preference or priority among themselves. The F Notes rank *pari passu* and rateably without preference or priority among themselves.
- (b) Payment of interest on the B Notes is subordinated to, among other things, payment of interest on the A Notes. Payment of interest on the C Notes is subordinated to, among other things, payment of interest on the A Notes and the B Notes. Payment of interest on the D Notes is subordinated to, among other things, payment of interest on the A Notes, B Notes and C Notes. Payment of interest on the E Notes is subordinated to, among other things, payment of interest on the A Notes, B Notes, C Notes and D Notes. Payment of interest on the F Notes is subordinated to, among other things, payment of interest on the A Notes, B Notes, C Notes, D Notes and E Notes.
- (c) Payment of principal on the B Notes is subordinated to, among other things, payment of principal on the A Notes. Payment of principal on the C Notes is subordinated to, among other things, payment of principal on the A Notes and the B Notes. Payment of principal on the D Notes is subordinated to, among other things, payment of principal on the A Notes, the B Notes and the C Notes. Payment of principal on the E Notes is subordinated to, among other things, payment of principal on the A Notes, B Notes, C Notes and D Notes. Payment of principal on the F Notes is subordinated to, among other things, payment of principal on the A Notes, B Notes, C Notes, D Notes and E Notes.
- (d) Prior to the enforcement of the Security, interest and principal due on the Notes will each be paid using proceeds from separate cashflows received by the Issuer. Payments of interest due on the Notes will be funded using the proceeds of the Available Income Funds and will be applied in accordance with the Available Income Funds Priority of Payments. Payments of principal due on the Notes will be funded using the proceeds of the Available Principal Funds and will be applied in accordance with the Available Principal Funds Priority of Payments. Therefore, payments of interest will not be subordinated to payments of principal and payments of principal will not be subordinated to payments of interest.

After the enforcement of the Security, payments of interest and principal on the A Notes will rank senior to payments of interest and principal on the B Notes, which will rank senior to payments of interest and principal on the C Notes, which will rank senior to payments of interest and principal on the D Notes, which will rank senior to payments of interest and principal on the E Notes, which will rank senior to payments of interest and principal on the F Notes.

- (e) The A Notes are constituted by the Trust Deed and are secured by the same Security (as defined in Condition 3(f)) that secures the B Notes, the C Notes, the D Notes and the E Notes but the A Notes will rank in priority to the B Notes, the C Notes, the D Notes and the E Notes in the event of the Security being enforced. The B Notes are constituted by the Trust Deed and are secured by the same

Security that secures the A Notes, the C Notes, the D Notes and the E Notes but the B Notes will rank after the A Notes and in priority to the C Notes, the D Notes and the E Notes in the event of the Security being enforced. The C Notes are constituted by the Trust Deed and are secured by the same Security that secures the A Notes, the B Notes, the D Notes and the E Notes but the C Notes will rank after the A Notes and the B Notes but in priority to the D Notes and the E Notes in the event of the Security being enforced. The D Notes are constituted by the Trust Deed and are secured by the same Security that secures the A Notes, B Notes, C Notes and E Notes but the D Notes will rank after the A Notes, B Notes and C Notes but in priority to the E Notes in the event of the Security being enforced. The E Notes are constituted by the Trust Deed and are secured by the same Security that secures the A Notes, B Notes, C Notes and D Notes but the E Notes will rank after the A Notes, B Notes, C Notes and D Notes in the event of the Security being enforced. The F Notes are constituted by the Trust Deed and are secured by the same Security that secures the A Notes, B Notes, C Notes, D Notes and the E Notes but the F Notes will rank after the A Notes, B Notes, C Notes, D Notes and the E Notes in the event of Security being enforced.

- (f) The Trust Deed and the Deed of Charge contain provisions requiring the Trustee to have regard to the interests of the A Noteholders, the B Noteholders, C Noteholders, the D Noteholders, the E Noteholders and F Noteholders equally as regards all powers, trusts, authorities, duties and discretions of the Trustee, (except where expressly provided otherwise), but requiring the Trustee in any such case to have regard only to (i) the interests of the A Noteholders if, in the Trustee's opinion, there is a conflict between the interests of (x) the A Noteholders and (y) the other Noteholders or any Class of them; (ii) subject as provided in (i) above, the interests of the B Noteholders if, in the Trustee's opinion, there is a conflict between the interests of (x) the B Noteholders and (y) the C Noteholders, the D Noteholders, the E Noteholders and/or the F Noteholders; (iii) subject as provided in (i) and (ii) above, the interests of the C Noteholders if, in the Trustee's opinion, there is a conflict between the interests of (x) the C Noteholders and (y) the D Noteholders, E Noteholders and/or the F Noteholders; (iv) subject as provided in (i) to (iii) above, the interests of the D Noteholders if, in the Trustee's opinion, there is a conflict between the interests of (x) the D Noteholders and (y) the E Noteholders and/or the F Noteholders; and (v) subject as provided in (i) to (iv) above, the interests of the E Noteholders if, in the Trustee's opinion, there is a conflict between the interests of (x) the E Noteholders and (y) the F Noteholders.

Security

- (g) As security for the payment of all monies payable in respect of the Notes and otherwise under the Trust Deed (including the remuneration, expenses and any other claims of the Trustee or any Receiver (as defined in the Deed of Charge) appointed under the Deed of Charge) and certain of the other Transaction Documents, the Issuer has entered into the Deed of Charge creating the following security (the "**Security**") in favour of the Trustee for itself and on trust for the other persons expressed to be secured parties thereunder:
- (i) an assignment by way of first fixed security of all of the Issuer's right, title and interest in, to and under the Cash Management Agreement, the Asset Transfer Deed and certain related Transaction Documents;
 - (ii) an assignment by way of first fixed security of all of the Issuer's right, title and interest in, to and under the Issuer Accounts, and all sums standing to the credit thereof and any Permitted Investments and proceeds thereof into which any such sums may be invested;
 - (iii) an assignment by way of first fixed security of all of the Issuer's right, title and interest in, to and under the Swap Agreements;
 - (iv) an assignment by way of first fixed security of all sums held by any Paying Agent to meet the payments in respect of the Notes;
 - (v) an assignment by way of first fixed security of all of the Issuer's right, title and interest, present and future, in, to and under the Issuer's Portfolio Interest held by the Issuer pursuant to the terms of the Asset Transfer Deed;
 - (vi) an assignment by way of first fixed security of all of the Issuer's rights, title, interest and benefit present and future in and to any agreement or document which the Issuer is, or may at any time be, expressed to have the benefit of or to have any rights under or to have any interest in unless otherwise charged or secured by way of fixed security under Clause 4.1 of the Deed

- of Charge (including, without limitation, all supplements and accretions thereto, all rights to receive payment of any amounts which may become payable thereunder and all payments received by the Issuer thereunder and all items expressed to be held on trust for the Issuer thereunder or comprised therein, all rights to serve notices and/or give consents and directions and/or make demands thereunder and/ or take such steps as are required to cause payments to become due and payable thereunder and all rights of action in respect of any breach thereof and all rights to receive damages or obtain other relief in respect thereof); and
- (vii) a first floating charge over the whole of the Issuer's undertaking, property and rights to the extent such property and rights are not covered in (i) to (vii) above.
- (h) The Security will become enforceable on the occurrence of an Event of Default (as defined in Condition 10).
- (i) On enforcement of the Security, the Trustee is required to apply all amounts available to the Issuer, including monies in respect of Available Income Funds and Available Principal Funds, available for distribution on each Interest Payment Date, in or towards the satisfaction of the following amounts in the following order of priority (the “**Post-Enforcement Priority of Payments**”):
- (i) *pari passu* and on a *pro rata* basis according to the amount then payable of (a) the remuneration payable to the Trustee or any appointee thereof and any costs, charges, liabilities and expenses incurred by the Trustee in connection with the provisions of the Trust Deed and the Deed of Charge (including interest thereon, as provided in the Trust Deed or the Deed of Charge) and (b) the remuneration then payable to any Receiver appointed by the Trustee and any costs, expenses and liabilities then incurred by such Receiver;
 - (ii) any remuneration payable to the Cash Manager pursuant to the Cash Management Agreement to the extent not satisfied on behalf of the Issuer by the Issuer;
 - (iii) to pay the Principal Paying Agent for itself and/or the other Paying Agents, any amounts properly paid by the Principal Paying Agent and/or the other Paying Agents to the Noteholders and not paid by the Issuer pursuant to the Agency Agreement;
 - (iv) to repay all principal amounts and to pay all interest and commitment fees then due and payable to the Liquidity Facility Provider under the Liquidity Facilities;
 - (v) to pay all amounts then due and payable to the Swap Counterparty under any Asset Swap Agreement (except for any termination payment due and payable to the Swap Counterparty as a result of a Swap Counterparty Default);
 - (vi) to pay any amounts in respect of administration fees payable to any party for services provided pursuant to the Corporate Services Agreement;
 - (vii) *pro rata* and *pari passu*: (a) to repay principal until the A1 Notes are redeemed in full and to pay interest then due and payable on the A1 Notes at the Applicable Ratio (applying such payment first to current interest and then to any Deferred Interest (and Additional Interest in respect thereof)); (b) subject to item (xii) below, to pay amounts due under the A2 Funding Swap Agreement to the Swap Counterparty (and the euro amount received in exchange for such payment shall be applied to repay principal until the A2 Notes are redeemed in full and to pay interest then due and payable on the A2 Notes (applying such payment first to current interest and then to any Deferred Interest (and Additional Interest in respect thereof))) (or, in the event that the A2 Funding Swap Agreement has been terminated without replacement, to be spot exchanged into euros to repay principal until the A2 Notes are redeemed in full and to pay interest then due and payable on the A2 Notes at the Applicable Ratio (applying such payment first to current interest and then to any Deferred Interest (and Additional Interest in respect thereof))) and (c) subject to item (xii) below, to pay amounts due under the A3 Funding Swap Agreement to the Swap Counterparty (and the US dollar amount received in exchange for such payment shall be applied to repay principal until the A3 Notes are redeemed in full and to pay interest then due and payable on the A3 Notes (applying such payment first to current interest and then to any Deferred Interest (and Additional Interest in respect thereof))) (or, in the event that the A3 Funding Swap Agreement has been terminated without replacement, to be spot exchanged into US dollar to repay principal until the A3 Notes are redeemed in full and to pay interest then due and payable on the A3 Notes at the Applicable Ratio (applying such payment first to current interest and then to any Deferred Interest (and Additional Interest in respect thereof)));

- (viii) *pro rata* and *pari passu*: (a) to repay principal until the B1 Notes are redeemed in full and to pay interest then due and payable on the B1 Notes at the Applicable Ratio (applying such payment first to current interest and then to any Deferred Interest (and Additional Interest in respect thereof)); (b) subject to item (xii) below, to pay amounts due under the B2 Funding Swap Agreement to the Swap Counterparty (and the euro amount received in exchange for such payment shall be applied to repay principal until the B2 Notes are redeemed in full and to pay interest then due and payable on the B2 Notes (applying such payment first to current interest and then to any Deferred Interest (and Additional Interest in respect thereof))) (or, in the event that the B2 Funding Swap Agreement has been terminated without replacement, to be spot exchanged into euros to repay principal until the B2 Notes are redeemed in full and to pay interest then due and payable on the B2 Notes at the Applicable Ratio (applying such payment first to current interest and then to any Deferred Interest (and Additional Interest in respect thereof))); and (c) subject to item (xii) below, to pay any amounts due under the B3 Funding Swap Agreement to the Swap Counterparty (and the US dollar amount received in exchange for such payment shall be applied to repay principal until the B3 Notes are redeemed in full and to pay interest then due and payable on the B3 Notes (applying such payments first to current interest and then to any Deferred Interest (and Additional Interest in respect thereof))) (or, in the event that the B3 Funding Swap Agreement has been terminated without replacement, to be spot exchanged into US dollar to repay principal until the B3 Notes are redeemed in full and to pay interest then due and payable on the B3 Notes at the Applicable Ratio (applying such payment first to current interest and then to any Deferred Interest (and Additional Interest in respect thereof)));
- (ix) *pro rata* and *pari passu*: (a) to repay principal until the C1 Notes are redeemed in full and to pay interest then due and payable on the C1 Notes at the Applicable Ratio (applying such payment first to current interest and then to any Deferred Interest (and Additional Interest in respect thereof)); and (b) subject to item (xii) below, to pay amounts due under the C2 Funding Swap Agreement to the Swap Counterparty (and the euro amount received in exchange for such payment shall be applied to repay principal until the C2 Notes are redeemed in full and to pay interest then due and payable on the C2 Notes (applying such payment first to current interest and then to any Deferred Interest (and Additional Interest in respect thereof))) (or, in the event that the C2 Funding Swap Agreement has been terminated without replacement, to be spot exchanged into euros to repay principal until the C2 Notes are redeemed in full and to pay interest then due and payable on the C2 Notes at the Applicable Ratio (applying such payment first to current interest and then to any Deferred Interest (and Additional Interest in respect thereof)));
- (x) *pro rata* and *pari passu*: (a) to repay principal until the D1 Notes are redeemed in full and to pay interest then due and payable on the D1 Notes at the Applicable Ratio (applying such payment first to current interest and then to any Deferred Interest (and Additional Interest in respect thereof)); and (b) subject to item (xii) below, to pay amounts due under the D2 Funding Swap Agreement to the Swap Counterparty (and the euro amount received in exchange for such payment shall be applied to repay principal until the D2 Notes are redeemed in full and to pay interest then due and payable on the D2 Notes (applying such payment first to current interest and then to any Deferred Interest (and Additional Interest in respect thereof))) (or, in the event that the D2 Funding Swap Agreement has been terminated without replacement, to be spot exchanged into euros to repay principal until the D2 Notes are redeemed in full and to pay interest then due and payable on the D2 Notes at the Applicable Ratio (applying such payment first to current interest and then to any Deferred Interest (and Additional Interest in respect thereof)));
- (xi) *pro rata* and *pari passu*: (a) to repay principal until the E1 Notes are redeemed in full and to pay interest then due and payable on the E1 Notes at the Applicable Ratio (applying such payment first to current interest and then to any Deferred Interest (and Additional Interest in respect thereof)); (b) subject to item (xii) below, to pay amounts due under the E2 Funding Swap Agreement to the Swap Counterparty (and the euro amount received in exchange for such payment shall be applied to repay principal until the E2 Notes are redeemed in full and to pay interest then due and payable on the E2 Notes (applying such payment first to current interest and then to any Deferred Interest (and Additional Interest in respect thereof))) (or, in the event that the E2 Funding Swap Agreement has been terminated without replacement, to be spot exchanged into euros to repay principal until the E2 Notes are redeemed in full and

to pay interest then due and payable on the E2 Notes at the Applicable Ratio (applying such payment first to current interest and then to any Deferred Interest (and Additional Interest in respect thereof)); and (c) subject to item (xii) below, to pay any amounts due under the E3 Funding Swap Agreement to the Swap Counterparty (and the US dollar amount received in exchange for such payment shall be applied to repay principal until the E3 Notes are redeemed in full and to pay interest then due and payable on the E3 Notes (applying such payments first to current interest and then to any Deferred Interest (and Additional Interest in respect thereof))) (or, in the event that the E3 Funding Swap Agreement has been terminated without replacement, to be spot exchanged into US dollar to repay principal until the E3 Notes are redeemed in full and to pay interest then due and payable on the E3 Notes at the Applicable Ratio (applying such payment first to current interest and then to any Deferred Interest (and Additional Interest in respect thereof)));

- (xii) *pro rata* and *pari passu* in or towards payment of any termination payment due and payable to the Swap Counterparty under any Swap Agreement as a result of a Swap Counterparty Default;
- (xiii) to pay to the Expenses Loan Provider amounts due under the Expenses Loan;
- (xiv) to repay principal on the F Notes until the F Notes are redeemed in full and to pay interest then due and payable on the F Notes (applying such payment first to current interest and then to any Deferred Interest (and Additional Interest in respect thereof));
- (xv) to pay to the Originator the Deferred Trust Consideration then due and payable pursuant to the Asset Transfer Deed; and
- (xvi) to pay the surplus, if any, to the Issuer.

Any premium or other amount received by the Issuer from a replacement swap counterparty providing a replacement swap transaction or swap transactions, as the case may be, will be paid directly by the Issuer to the Swap Counterparty and not in accordance with the Asset Funding Priority of Payments, Available Income Funds Priority of Payments or Post-Enforcement Priority of Payments. Similarly, the cash benefit of any tax credit, allowance, set-off or repayment obtained by the Issuer as a result of the payment by the Swap Counterparty of a tax gross up amount pursuant to a Swap Agreement will be paid directly by the Issuer to the Swap Counterparty in accordance with that Swap Agreement and not in accordance with the Available Income Funds Priority of Payments or Post-Enforcement Priority of Payments.

4. Covenants

Save with the prior written consent of the Trustee (having regard to the interests of the Noteholders), or, as provided in or envisaged by any of the Transaction Documents, the Issuer shall not, so long as any Note remains outstanding (as defined in the Trust Deed):

Negative Pledge

- (a) grant, create or permit to exist any Encumbrance (as defined in the Trust Deed) over (including the grant of security or trust over or the occurrence of execution or diligence in respect of) the Assigned Rights (as defined in the Trust Deed) other than any Permitted Encumbrance (as defined in the Trust Deed);

Restrictions on Activities

- (b)
 - (1) engage in any activity which is not incidental to any of the activities which the Transaction Documents provide or envisage that the Issuer will engage in;
 - (2) open any account whatsoever with any bank or other financial institution, save where such account is immediately charged in favour of the Trustee so as to form part of the Security described in Condition 3 or save for an account utilised solely in respect of the Issuer's paid up capital and any transaction fee paid to the Issuer; or
 - (3) have any subsidiaries, employees or premises;

Disposal of Assets

- (c) transfer, sell, lend, part with or otherwise dispose of, or deal with, or grant any option, or present or future right, to acquire any of its assets or undertaking or any interest, estate, right, title or benefit therein;

Borrowings

- (d) incur any indebtedness in respect of borrowed money whatsoever or give any guarantee in respect of any obligation of any person;

Merger

- (e) consolidate or merge with any other person or convey or transfer its properties or assets substantially or as an entirety to any other person;

Other

- (f) be, or take any steps which could cause it to be treated as, a member of any group of companies for the purposes of value added tax;
- (g) offer to surrender to any company any amounts which are available for surrender by way of group relief;
- (h) engage in any course of conduct (whether by act or omission) whereby the Issuer could be made liable for tax which is primarily the liability of another person;
- (i) permit the validity or effectiveness of the Transaction Documents or of the Security to be impaired or to be amended, hypothecated, subordinated, terminated or discharged; or permit any party to any of the Transaction Documents or any other person whose obligations form part of the Security to be released from such obligations or enter into any new Transaction Document, save as aforesaid.

In giving any consent to the foregoing the Trustee may require the Issuer to make such modifications or additions to the provisions of any of the Transaction Documents or may impose such other conditions or requirements as the Trustee may deem expedient in the interests of the Noteholders.

5. Interest

Accrual of Interest

- (a) The Notes bear interest from (and including) the Closing Date. Interest will cease to accrue on any part of the Principal Amount Outstanding of a Note from the due date for redemption unless, upon due presentation, payment of principal is improperly withheld or refused, in which case it will continue to bear interest in accordance with this Condition (as well after as before any judgment) until the earlier of (i) the day on which all sums due in respect of such Note up to that day are received by or on behalf of the relevant Noteholder, and (ii) the day which is seven days after the Principal Paying Agent or the Trustee has notified the relevant Class of Noteholders either in accordance with Condition 15 or individually that it has received all sums due in respect of the relevant Class of Notes up to such seventh day (except to the extent that there is any subsequent default in payment). Whenever it is necessary to compute an amount of interest in respect of any Note for any period (including any Interest Period), such interest shall be calculated on the basis of the actual number of days elapsed and a 365 day year, in respect of the Sterling Notes, and a 360 day year in respect of the Euro Notes and the Dollar Notes.

To the extent that the aggregate of the monies which are paid to or to the order of Noteholders on each Interest Payment Date (as defined below), after applying such amounts in accordance with the priority of payments set out in the Trust Deed, is less than the full amount of interest due on the B Notes, the C Notes, the D Notes and the E Notes (as the case may be) on such Interest Payment Date, payment of the amount of the shortfall ("**Deferred Interest**"), which will be borne by each B Noteholder, C Noteholder, D Noteholder, E Noteholder or F Noteholder, as the case may be, in the proportion that the Principal Amount Outstanding of the relevant Note bears to the aggregate Principal Amount Outstanding of all Notes of the same class (in each case as determined on the Interest Payment Date on which such Deferred Interest arises), will be deferred until the earlier of (a) the next following Interest Payment Date on which funds are available to the Issuer to pay such Deferred Interest (in accordance with the priority of payments) to the extent of such available funds, and (b) the date on which all of the Notes of the same Class have been redeemed in full, and (c) the Legal Final Maturity Date. This paragraph shall cease to apply: (i) in respect of the B Notes, upon the redemption in full of the A Notes; (ii) in respect of the C Notes, upon the redemption in full of the A Notes and the B Notes; (iii) in respect of the D Notes, upon the redemption in full of the A

Notes, the B Notes and the C Notes; (iv) in respect of the E Notes, upon the redemption in full of the A Notes, the B Notes, the C Notes and the D Notes; and (v) in respect of the F Notes, upon the redemption in full of the A Notes, the B Notes, the C Notes, the D Notes and the E Notes.

Such Deferred Interest will accrue interest (“**Additional Interest**”) at a rate calculated in accordance with Condition 5(d) and payment of any Additional Interest will also be deferred until the earlier of (a) the next following Interest Payment Date on which funds are available to the Issuer to pay such Additional Interest (in accordance with the priority of payments) to the extent of such available funds, and (b) the date on which all of the Notes of the same Class have been redeemed in full, and (c) the Legal Final Maturity Date.

Interest Payment Dates and Interest Periods

- (b) Interest on the Notes is payable in arrear on each Interest Payment Date. An “**Interest Payment Date**” is the 10th day of February, May, August and November in each year (or, if any such day is not a Business Day, the next succeeding Business Day). The first Interest Payment Date falls in February 2006.
- (c) An “**Interest Period**” is a period commencing on and including one Interest Payment Date or, in the case of the first such period, commencing on and including the Closing Date (as defined in Condition 2), and ending on but excluding the next Interest Payment Date or, in the case of the final such period, ending on but excluding the Legal Final Maturity Date or, if earlier, the date on which the Notes are redeemed in full.

Rate of Interest

- (d) The rate of interest payable from time to time in respect of each Class of Notes (each a “**Rate of Interest**”) and the relevant Interest Amount (as defined below) will be determined on the basis of the provisions set out below:
 - (i) at approximately the Relevant Time on the Interest Determination Date in respect of each Interest Period, the Agent Bank will determine the Relevant Screen Rate, and the Rate of Interest in respect of such Interest Period will be the sum of such Relevant Screen Rate and the Applicable Margin;
 - (ii) if the Relevant Screen Rate is unavailable, the Agent Bank will request the principal office in the Relevant Financial Centre of each of the Reference Banks to provide the Agent Bank with its rate quoted to prime banks for deposits in the relevant currency for a period equivalent to the duration of such Interest Period. If at least two such quotations are provided, the Rate of Interest in respect of such Interest Period will be the sum of the arithmetic mean of the quotations and the Applicable Margin;
 - (iii) if fewer than two of the Reference Banks provide quotations requested in accordance with (ii) above, the Agent Bank will determine the arithmetic mean of the rates quoted by major banks in the Relevant Financial Centre (in the case of Sterling Notes and Euro Notes) or New York (in the case of Dollar Notes) selected by the Agent Bank (after consultation with the Trustee) at approximately the Relevant Time (in the case of Sterling Notes and Euro Notes) or approximately 11:00 a.m. New York time (in the case of the Dollar Notes) on the first day of the relevant Interest Period Date for loans in the relevant currency for a period equivalent to the duration of such Interest Period to leading European banks and the Rate of Interest in respect of such Interest Period will be the sum of the arithmetic mean of such quotations and the Applicable Margin.
- (e) For the purposes of these Conditions, the “**Applicable Margin**” shall be:
 - (1) in respect of the A1 Notes 0.21 per cent. per annum;
 - (2) in respect of the A2 Notes 0.21 per cent. per annum;
 - (3) in respect of the A3 Notes 0.20 per cent. per annum;
 - (4) in respect of the B1 Notes 0.31 per cent. per annum;
 - (5) in respect of the B2 Notes 0.31 per cent. per annum;
 - (6) in respect of the B3 Notes 0.31 per cent. per annum;

- (7) in respect of the C1 Notes 0.60 per cent. per annum;
- (8) in respect of the C2 Notes 0.60 per cent. per annum;
- (9) in respect of the D1 Notes 0.95 per cent. per annum;
- (10) in respect of the D2 Notes 0.95 per cent. per annum;
- (11) in respect of the E1 Notes 3.10 per cent. per annum;
- (12) in respect of the E2 Notes 3.10 per cent. per annum;
- (13) in respect of the E3 Notes 3.10 per cent. per annum; and
- (14) in respect of the F Notes 5.50 per cent. per annum.

Any certificate of the Agent Bank setting out the rate referred to in this paragraph 5(d) above shall, in the absence of manifest error, be conclusive and binding on the Issuer, the Trustee and the Noteholders.

Determination of Rates of Interest and Calculation of Interest Amounts

- (f) The Agent Bank shall, on each Interest Determination Date, determine and notify the Issuer, the Trustee and the Paying Agents of (i) the Rate of Interest applicable to the Interest Period and (ii) the amount (the “**Interest Amount**”) payable in respect of such Interest Period in respect of the Principal Amount Outstanding of each Note of each class. On each Interest Payment Date, the Agent Bank shall determine the actual amount of interest payable on the Notes on that Interest Payment Date (by applying the amount of Available Income Funds pursuant to the Available Income Funds Priority of Payments in the manner specified in the Cash Management Agreement and the Trust Deed), and the amount of Deferred Interest (if any) on the Notes in respect of the related Interest Period and the amount of Additional Interest (if any) payable on such Interest Payment Date. The amount of Additional Interest shall be calculated by applying the relevant Rate of Interest for the Notes to the aggregate amount of Deferred Interest and any Additional Interest from prior Interest Periods which remains unpaid and multiplying that product by the actual number of days in the relevant Interest Period divided by 365 in the case of Sterling Notes and 360 in the case of Euro Notes and Dollar Notes.

Publication of Rate of Interest, Interest Amount and other Notices

- (g) As soon as practicable after receiving notification thereof, the Issuer will cause the Rate of Interest and the Interest Amount applicable to each Class of Notes for each Interest Period and the Interest Payment Date falling at the end of such Interest Period to be notified to the London Stock Exchange and will cause notice thereof to be given to the relevant Class of Noteholders in accordance with Condition 15 on or as soon as possible after the date of commencement of the relevant Interest Period. The Interest Amount and the Interest Payment Date so notified may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without notice in the event of any extension or shortening of the Interest Period or in the case of manifest error.

Determination or Calculation by Trustee

- (h) If the Agent Bank does not (at any time and for any reason) determine a Rate of Interest and/or calculate the Interest Amount and/or any of the other amounts referred to in paragraph (e) above for any Class of Notes in accordance with the foregoing paragraphs, the Trustee, or a person appointed by the Trustee for that purpose shall (i) determine the Rate of Interest for the relevant Class of Notes at such rate as, in its absolute discretion (having such regard as it shall think fit to the procedure described above), it shall deem fair and reasonable in all the circumstances and/or (as the case may be) (ii) calculate the Interest Amount and any other amounts specified to be calculated for each Class of Notes in the manner specified in paragraph (f) above, and each such determination and/or calculation shall be deemed to have been made by the Agent Bank.

Notification to be Final

- (i) All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of this Condition, whether by the Reference Banks

(or any of them) or the Agent Bank or the Trustee shall (in the absence of wilful default, bad faith or manifest error) be binding on the Issuer, the Reference Banks, the Agent Bank, the Trustee and all Noteholders and no liability to the Noteholders shall attach to (in such absence as aforesaid) the Issuer, the Reference Banks, the Agent Bank or (in the absence of wilful default or bad faith) the Trustee in connection with the exercise by them or any of them of their powers, duties and discretions hereunder.

Reference Banks and Agent Bank

- (j) The Issuer shall ensure that, so long as any of the Notes remains outstanding, there shall at all times be four Reference Banks and an Agent Bank. In the event of the principal London office of any such bank being unable or unwilling to continue to act as a Reference Bank or in the event of HSBC being unwilling to act as the Agent Bank, the Issuer shall appoint such other bank as may be previously approved in writing by the Trustee to act as such in its place. The Agent Bank may not resign until a successor approved in writing by the Trustee has been appointed.

6. Redemption and Purchase

Final Redemption

- (a) If the Notes have not previously been redeemed in full pursuant to Conditions 6(b), 6(c) or 6(d), the Notes will be finally redeemed at their then Principal Amount Outstanding on the Interest Payment Date falling in February 2019.

“**Principal Amount Outstanding**” means in relation to a Note on any date the principal amount of that Note on the Closing Date less the aggregate amount of all principal payments in respect of that Note that have been paid by the Issuer to the Noteholder concerned under this Condition 6 prior to such date in accordance with these Conditions.

Mandatory Unscheduled Redemption

- (b) During any Amortisation Period, on each Interest Payment Date the Notes will be redeemed to the extent of the Principal Amortisation Amount in respect of each Note. The “**Principal Amortisation Amount**” means in relation to a Note and in respect of any Interest Payment Date, the Available Principal Funds calculated by the Cash Manager on behalf of the Issuer on the Calculation Date immediately preceding such Interest Payment Date as being available in respect of principal repayment applicable to each Class of Notes in accordance with the Available Principal Funds Priority of Payments and applied to each Note by application of the Pool Factor; “**Pool Factor**” means a fraction expressed as a decimal to the sixth point of which the numerator is the Principal Amount Outstanding of that Note and the denominator is £50,000 (in respect of any Sterling Note), \$100,000 (in respect of any Dollar Note) and €50,000 (in respect of any Euro Note).

Optional Redemption in whole for Tax

- (c) If the Issuer at any time satisfies the Trustee immediately prior to the giving of the notice referred to below that: (i) on the next date on which either the Issuer or the Swap Counterparty is required to make any payment in respect of the Notes or the Swap Agreements, respectively, the Issuer or the Swap Counterparty would be required to deduct or withhold from any such payment any amount for or on account of any present or future taxes, levies, duties, imposts, assessments or charges of whatever nature imposed, levied, collected, withheld or assessed by the United Kingdom or any political sub-division thereof or any supra-national entity to which the United Kingdom belongs or any authority in or of any such jurisdiction, or by any other jurisdiction or authority; or (ii) by virtue of a change in United Kingdom tax law (or the application or official interpretation thereof) from that in effect at the Closing Date the Issuer would not be entitled to relief for United Kingdom tax purposes for any material amount which it is obliged to pay, or is treated as receiving for the purposes of the tax laws of the United Kingdom under the Transaction Documents; or (iii) by virtue of a change in United Kingdom tax law (or the application or official interpretation thereof) from that in effect at the Closing Date the Borrowers are obliged to deduct or withhold from any payments to be made by them to HSBC in respect of the Securitised Portfolio for or on account of any present or future taxes, levies, duties, imposts, assessments or governmental charges of whatever nature, then the Issuer may, having given not more than sixty nor less than thirty days’

notice to the Trustee and the Noteholders in accordance with Condition 15, redeem all (but not some only) of the Notes on any Interest Payment Date at their Principal Amount Outstanding, together with interest accrued to the date of redemption, provided that, prior to giving any such notice, the Issuer shall have provided to the Trustee (i) a legal opinion (in form and substance satisfactory to the Trustee) opining on the relevant requirement to deduct or withhold or change in tax law and its application or interpretation and a certificate from two directors of the Issuer or, as the case may be, the Swap Counterparty, that the obligation to withhold or deduct such amounts or any such change in tax status cannot be avoided and (ii) a certificate signed by two directors of the Issuer to the effect that it will have the funds, not subject to the interest of any other person, required to redeem the Notes pursuant to this Condition 6(c) and meet its payment obligations of a higher priority under the Trust Deed and the Deed of Charge. Any certificate and legal opinion so given by or on behalf of the Issuer may be relied upon by the Trustee and shall, if so relied upon, be conclusive and binding on the Noteholders.

Redemption at Option of Issuer

- (d) The Issuer may, by not less than thirty and not more than sixty days' notice to the Trustee and the Noteholders in accordance with Condition 15 and without the need to obtain the consent of the Trustee or the Noteholders redeem all (but not some only) of the Notes at their then Principal Amount Outstanding on any Interest Payment Date:
- (i) falling on or after the Interest Payment Date falling in February 2010;
 - (ii) which falls on or after the date that the new Basel Capital Accord (as described in the document titled "The International Convergence of Capital Measurement and Capital Standards: A Revised Framework" published in June 2004 by the Basel Committee on Banking Supervision) has been implemented in the United Kingdom, whether by rule of law, recommendation of best practices or by any other regulation (including pursuant to implementation in the United Kingdom of the EU Capital Requirements Directive), **provided that** an Enforcement Notice has not been served on or prior to such redemption;
 - (iii) upon which the then Total Portfolio Balance is less than ten per cent. of the Total Portfolio Balance as calculated on the Closing Date,

in each case, together with accrued interest, if any, and provided that the Issuer shall have given not more than sixty nor less than thirty days' notice of such redemption to the Trustee and the Noteholders in accordance with Condition 15 of its intention to redeem all of the Notes and shall have provided to the Trustee a certificate signed by two directors to the effect that it will have the funds, not subject to the interest of any other person, required to redeem the Notes pursuant to this Condition 6(d) and meet its payment obligations of a higher priority under the Trust Deed and the Deed of Charge. Any such certificate given by the Issuer may be relied upon by the Trustee and shall, if so relied upon, be conclusive and binding on the Noteholders.

Other redemption

- (e) The Issuer shall not be entitled to redeem the Notes otherwise than as provided in paragraphs (a), (b), (c) and (d) above.

Purchase

- (f) The Issuer may not purchase Notes.

Post Enforcement Call Option

- (g) All the holders of the Notes will, at the request of Metrix Funding Holdings Limited (or any designated subsidiary of Metrix Funding Holdings Limited other than the Issuer or any subsidiary of the Issuer), sell all (but not some only) of their Notes, as the case may be, to Metrix Funding Holdings Limited (or any designated subsidiary of Metrix Funding Holdings Limited other than the Issuer or any subsidiary of the Issuer) pursuant to the option (the "**Post Enforcement Call Option**") under the post enforcement call option agreement to be dated on or prior to the Closing Date between the Trustee and Metrix Funding Holdings Limited (the "**Post Enforcement Call Option Agreement**") to acquire all (but not some only) of the outstanding Notes for a consideration of £0.01

per Note, in the event that following enforcement and final distribution of the proceeds thereof, principal and/or interest on the Notes is not paid in full in accordance with the terms of the Notes. Each of the Noteholders acknowledges that the Trustee has the authority and the power to bind the Noteholders in accordance with the provisions set out in the Post Enforcement Call Option Agreement and each Noteholder by subscribing for or purchasing the Notes, agrees to be so bound.

Additional Purchase and Transfer Restrictions and Forced Sale

- (h) The Issuer is relying on the exception from registration under the Investment Company Act pursuant to Section 3(c)(7) thereof and no sale or transfer of Notes may be made under circumstances that would require the Issuer to register as an “investment company” under the Investment Company Act. Sales or other transfers of this Note which would require the Issuer to register as an “investment company” under the Investment Company Act will be void and will not be honoured by the Issuer and the Issuer may, in its discretion, compel any such holder to transfer this Note in a commercially reasonable sale to a person that is a QIB and a QP meeting the requirements set forth herein and in the Investment Company Act or to a non-U.S. person outside the United States.

7. Payments and Subordination

Payments in respect of the Notes: Individual Note Certificates

- (a) Payments of principal and interest (except where, after such payment, the unpaid principal amount of the related Note would be reduced to zero (including as a result of any other payment of principal due in respect of such Note, in which case the related payment of principal or interest, as the case may be, will be made against surrender of such Note)) in respect of Individual Note Certificates will be made by sterling, euro or US dollar cheque, as applicable, drawn on a branch of a bank in London posted to the holder (or to the first-named of joint holders) of such Individual Note Certificate at the address shown in the Register not later than the due date for such payment. If any payment due in respect of any Individual Note Certificate is not paid in full, the Registrar will annotate the Register with a record of the amount, if any, paid. For the purposes of this Condition 7, the holder of an Individual Note Certificate will be deemed to be the person shown as the holder (or the first-named of joint holders) on the Register on the fifteenth day before the due date for such payment (the “**Record Date**”).
- (b) Upon application by the holder of an Individual Note Certificate to the specified office of the Registrar or a Transfer Agent or Paying Agent not later than the Record Date for payment in respect of such Individual Note Certificate, such payment will be made by transfer to a sterling, euro or US dollar account, as applicable, maintained by the payee with a branch of a bank in London or in the case of Dollar Notes, New York. Any such application for transfer to such account shall be deemed to relate to all future payments in respect of such Individual Note Certificate until such time as the Registrar or Transfer Agent or Paying Agent is notified in writing to the contrary by the holder thereof.

Payments: General

- (c) Payments of principal and interest in respect of the Notes are subject in all cases to any fiscal or other laws and regulations, applicable thereto.
- (d) If payment of principal is improperly withheld or refused on or in respect of any Note or part thereof, the interest which continues to accrue in respect of such Note in accordance with Condition 5(a) or 7(h) will be paid to the extent received (in respect of any Global Note Certificate) against presentation of such Note at the specified office of any Paying Agent or the Registrar and (in respect of any Individual Note Certificate) in accordance with Condition 7(b) above.
- (e) The initial Agents and their initial specified offices are listed at the end of these Conditions. The Issuer reserves the right, subject to the prior written approval of the Trustee, at any time to vary or terminate the appointment of the Principal Paying Agent, any other Paying Agent, the Registrar, Transfer Agent and/or the Agent Bank and to appoint additional or other Agents. The Issuer will at all times maintain (a) a Principal Paying Agent with a specified office in London (so long as the Notes are listed on the London Stock Exchange) and (b) an Agent Bank. The Issuer will cause at least thirty days’ notice of any change in or addition to any of the Agents or their specified offices to be given in accordance with Condition 15.

- (f) If any Note is presented (if required) for payment on a day which is not a Business Day, no further payments or additional amounts by way of interest, principal or otherwise shall be due in respect of such Note. No Noteholder will be entitled to any interest or other payment for any delay in receiving the amount due as a result of the due date not being a Business Day, the relevant Noteholder being late in surrendering its Note (if required to do so) or a cheque posted in accordance with this Condition 7 arriving after the due date for payment or being lost in the post. No commissions or expenses shall be charged to Noteholders in respect of such payments.
- (g) If upon a relevant Interest Payment Date, payment of the relevant amount of principal or interest is improperly withheld or refused on or in respect of any Note or part thereof by the Issuer or the Paying Agents, the Issuer will indemnify the relevant affected Noteholders by paying the Trustee on behalf of such Noteholders a sum equal to the amount so withheld or refused plus an amount equal to the amount of interest which would have accrued in accordance with Condition 5(a) if such amount had not been paid by the Issuer on the relevant Interest Payment Date (as well after as before any judgment) up to (but excluding) the date on which all sums due in respect of such Note are received by the relevant Noteholder, payment under such indemnity to be due without demand from the relevant Interest Payment Date.

Subordination

- (h) Interest on each Class of Notes shall be payable in accordance with the provisions of Condition 3, Condition 5 and this Condition 7 and, in the event that, on any Interest Determination Date, funds then available to the Issuer to make payments of interest in respect of the Notes are insufficient to enable the Issuer to make payment in full of the Interest Amount, any outstanding Deferred Interest and any Additional Interest due on the next Interest Payment Date following such Interest Determination Date, such funds shall be applied first to the payment of any Interest Amount and second to the payment of any outstanding Deferred Interest and thereafter to the payment of any Additional Interest.

8. Prescription

A Note Certificate shall become void unless presented for payment of principal within a period of ten years from the relevant date in respect thereof and twelve years from the relevant date in respect of payment of interest. Claims in respect of principal and interest in respect of Individual Note Certificates shall become void unless made within a period of ten years, in the case of principal, and twelve years, in the case of interest, from the appropriate relevant date in respect thereof. After the date on which a Note becomes void in its entirety, no claim may be made in respect thereof. In this Condition, the “**relevant date**” in respect of a Note is the date on which a payment in respect thereof first becomes due or (if the full amount of the monies payable in respect of all the Notes due on or before that date has not been duly received by the Principal Paying Agent or the Trustee on or prior to such date) the date on which, the full amount of such monies having been so received, notice to that effect is duly given to the Noteholders in accordance with Condition 15.

9. Taxation

All payments in respect of the Notes will be made without withholding or deduction for, or on account of, any present or future taxes, duties or charges of whatsoever nature unless the Issuer or any Paying Agent (as applicable) is required by applicable law to make any payment in respect of the Notes subject to any withholding or deduction for, or on account of, any present or future taxes, imposts, assessments, levies, duties or charges of whatsoever nature. In that event, the Issuer or such Paying Agent (as the case may be) shall make such payment after such withholding or deduction has been made and shall account to the relevant authorities for the amount so required to be withheld or deducted. **NONE OF THE TRUSTEE, THE PRINCIPAL PAYING AGENT OR ANY OTHER AGENT, THE ISSUER NOR ANY OTHER PERSON WILL BE OBLIGED TO MAKE ANY ADDITIONAL PAYMENTS TO NOTEHOLDERS IN RESPECT OF ANY SUCH WITHHOLDING OR DEDUCTION.**

10. Events of Default

- (a) The Trustee at its absolute discretion may, and if so directed:
 - (i) by an Extraordinary Resolution of the A Noteholders (or each Class thereof) or in writing by the holders of at least 25 per cent. in aggregate Principal Amount Outstanding of the A Notes (or each Class thereof) then outstanding;

- (ii) if there are no A Notes then outstanding, by an Extraordinary Resolution of the B Noteholders (or each Class thereof) or in writing by the holders of at least 25 per cent. in aggregate Principal Amount Outstanding of the B Notes (or each Class thereof) then outstanding;
- (iii) if there are no A Notes or B Notes then outstanding, by an Extraordinary Resolution of the C Noteholders (or each Class thereof) or in writing by the holders of at least 25 per cent. in aggregate Principal Amount Outstanding of the C Notes (or each Class thereof) then outstanding;
- (iv) if there are no A Notes, B Notes or C Notes then outstanding, by an Extraordinary Resolution of the D Noteholders (or each Class thereof) or in writing by the holders of at least 25 per cent. in aggregate Principal Amount Outstanding of the D Notes (or each Class thereof) then outstanding;
- (v) if there are no A Notes, B Notes, C Notes or D Notes then outstanding, by an Extraordinary Resolution of the E Noteholders (or each Class thereof) or in writing by the holders of at least 25 per cent. in aggregate Principal Amount Outstanding of the E Notes (or each Class thereof) then outstanding; or
- (vi) if there are no A Notes, B Notes, C Notes, D Notes or E Notes then outstanding, by an Extraordinary Resolution of the F Noteholders or in writing by the holders of at least 25 per cent. in aggregate Principal Amount Outstanding of the F Notes then outstanding

shall, (subject in any such case to being indemnified and/or secured to its satisfaction), give notice (an “**Enforcement Notice**”) to the Issuer declaring the Notes to be due and repayable at any time after the happening of any of the following events (each an “**Event of Default**”):

- (1) default being made for a period of ten Business Days in the payment of the principal of or any interest on any A Note (or, if there are no A Notes outstanding, any B Note, or if there are no A Notes or B Notes outstanding, any C Note, or if there are no A Notes, B Notes or C Notes outstanding, any D Note, or if there are no A Notes, B Notes, C Notes or D Notes outstanding, any E Note, or if there are no A Notes, B Notes, C Notes, D Notes or E Notes outstanding, any F Note) when and as the same ought to be paid in accordance with these Conditions; or
- (2) the Issuer failing duly to perform or observe any other obligation binding upon it under the Notes or any of the other Transaction Documents and (except where the Trustee certifies that, in its opinion, such failure is incapable of remedy when no notice will be required) such failure is continuing for a period of thirty days following the service by the Trustee on the Issuer of notice requiring the same to be remedied; or
- (3) the Issuer, otherwise than for the purposes of such amalgamation or reconstruction as is referred to in sub-paragraph (4) below, ceasing or threatening to cease to carry on business or being unable to pay its debts as and when they fall due; or
- (4) an order being made or an effective resolution being passed for the winding-up of the Issuer, except a winding-up for the purposes of or pursuant to an amalgamation or reconstruction the terms of which have previously been approved by the Trustee in writing or by an Extraordinary Resolution of the holders of each class of Notes then outstanding; or
- (5) proceedings being otherwise initiated against the Issuer under any applicable liquidation, insolvency, composition, reorganisation or other similar laws (including, but not limited to, application to the Court for an administration order, the filing of documents with the Court for the appointment of an administrator or the service of a notice of intention to appoint an administrator) and such proceedings are not, in the opinion of the Trustee, being disputed in good faith with a reasonable prospect of success, or an administration order is granted or an administrative receiver or other receiver, liquidator or other similar official being appointed in relation to the Issuer or in relation to the whole or any substantial part of the undertaking or assets of the Issuer, or an encumbrancer taking possession of the whole or any substantial part of the undertaking or assets of the Issuer, or a distress or execution or other process being levied or enforced upon or against the whole or any substantial part of the undertaking or assets of the Issuer and such possession or process (as the case may be) not being discharged or not otherwise ceasing to apply within thirty days, or the Issuer initiating or consenting to judicial proceedings relating to itself under applicable liquidation, insolvency, composition, reorganisation or other similar laws or making a conveyance or assignment for the benefit of its creditors generally.

Provided that, in the case of each of the events described in sub-paragraph (2) of this paragraph (a), the Trustee shall have certified to the Issuer that such event is, in its opinion, materially prejudicial to the interests of the Noteholders of any Class.

- (b) Upon any declaration being made by the Trustee in accordance with Condition 10(a) above that the Notes are due and repayable, the Notes shall immediately become due and repayable at their then Principal Amount Outstanding together with accrued interest as provided in the Trust Deed.

11. Enforcement of Notes

Without prejudice to its rights under the Trust Deed and to its rights of enforcement in relation to the Security, the Trustee may, at its discretion and without notice of any time take such action or proceedings against the Issuer as it may think fit to enforce any obligation under the Notes at any time, but it shall not be bound to take any such action or proceedings unless:

- (a) it shall have been so directed:
- (i) by an Extraordinary Resolution of the A Noteholders (or each Class thereof) or in writing by the holders of at least 25 per cent. in aggregate Principal Amount Outstanding of the A Notes (or each Class thereof) then outstanding;
 - (ii) if there are no A Notes then outstanding, by an Extraordinary Resolution of the B Noteholders (or each Class thereof) or in writing by the holders of at least 25 per cent. in aggregate Principal Amount Outstanding of the B Notes (or each Class thereof) then outstanding;
 - (iii) if there are no A Notes or B Notes then outstanding, by an Extraordinary Resolution of the C Noteholders (or each Class thereof) or in writing by the holders of at least 25 per cent. in aggregate Principal Amount Outstanding of the C Notes (or each Class thereof) then outstanding;
 - (iv) if there are no A Notes, B Notes or C Notes then outstanding, by an Extraordinary Resolution of the D Noteholders (or each Class thereof) or in writing by the holders of at least 25 per cent. in aggregate Principal Amount Outstanding of the D Notes (or each Class thereof) then outstanding;
 - (v) if there are no A Notes, B Notes, C Notes or D Notes then outstanding, by an Extraordinary Resolution of the E Noteholders (or each Class thereof) or in writing by the holders of at least 25 per cent. in aggregate Principal Amount Outstanding of the E Notes (or each Class thereof) then outstanding; or
 - (vi) if there are no A Notes, B Notes, C Notes, D Notes or E Notes then outstanding, by an Extraordinary Resolution of the F Noteholders or in writing by the holders of at least 25 per cent. in aggregate Principal Amount Outstanding of the F Notes then outstanding;

and

- (b) it shall have been indemnified and/or secured to its satisfaction.

No Noteholder shall be entitled to proceed directly against the Issuer unless the Trustee, having become bound to do so, fails to do so within a reasonable period and such failure shall be continuing.

12. Meetings of Noteholders, Modification, Waiver and Substitution of Principal Debtor

- (a) The Trust Deed contains provisions for convening separate meetings of each Class (as defined in the Trust Deed) of Noteholders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of these Conditions or the provisions of any of the Transaction Documents or any other documents, the rights and benefits in respect of which are comprised in the Security (“**Other Relevant Documents**”). The quorum at any meeting for the passing of an Extraordinary Resolution shall be two or more persons holding or representing a majority of the Principal Amount Outstanding of the relevant Class of Notes or, at any adjourned meeting, two or more persons being or representing the A Noteholders, the B Noteholders, the C Noteholders, the D Noteholders, the E Noteholders or the F Noteholders (or any sub-class thereof) (as the case may be) whatever the Principal Amount Outstanding of such A Notes, B Notes, C Notes, D Notes, E Notes or F Notes (as the case may be) so held or represented, except that at any meeting the business of which includes the sanctioning of a modification of certain terms including, inter alia, the date of maturity of a Class of Notes, a modification which would have the effect of changing any day for payment of interest thereon, changing the amount of principal payable in

respect of a Class of Notes (if applicable) or altering the currency of payment for a Class of Notes or altering the majority or quorum required to pass an Extraordinary Resolution (any such modification being referred to as a “**Reserved Matter**”), the necessary quorum for passing an Extraordinary Resolution (at an original meeting) shall be two or more persons holding or representing not less than 75 per cent. of the Principal Amount Outstanding of the A Notes, the B Notes, the C Notes, the D Notes, the E Notes or the F Notes (or any sub-class thereof) (as the case may be) and at an adjourned meeting 25 per cent. of the Principal Amount Outstanding of the A Notes or the B Notes or the C Notes or the D Notes or the E Notes or the F Notes (or any sub-class thereof) (as the case may be). The majority required for passing an Extraordinary Resolution (including the sanctioning of a Reserved Matter) shall be not less than 75 per cent. of the votes cast on that Extraordinary Resolution. An Extraordinary Resolution passed at any meeting of the Noteholders of any Class shall be binding on all such Noteholders whether or not they are present at the meeting. So long as the aggregate Principal Amount Outstanding of the Notes of any Class is represented by a global note, the holder of such global note shall be deemed to be two persons for the purposes of forming a quorum.

The Trust Deed provides that, except (in the case of an Extraordinary Resolution directing the Trustee to give an Enforcement Notice, as to which provisions of Condition 10 (*Events of Default*) shall apply):

(i) a resolution which, in the opinion of the Trustee affects the interest of the holders of one Class only of the A Notes shall be deemed to have been duly passed if passed at a separate meeting of the A Notes of that Class;

(ii) a resolution which, in the opinion of the Trustee, affects the interests of the holders of two or more Classes of the A Notes but does not give rise to a conflict of interest between the holders of each such Class of the A Notes shall be deemed to have been duly passed if passed at a single meeting of the holders of the A Notes of those affected Classes;

(iii) a resolution which, in the opinion of the Trustee, affects the interests of the holders of two or more Classes of the A Notes and gives or may give rise to a conflict of interest between the holders of each such Class of the A Notes shall be deemed to have been duly passed only if in lieu of being passed at a single meeting of the holders of the A Notes of such Classes it shall be duly passed at separate meetings of the holders of each such Class of the A Notes;

(iv) a resolution which, in the opinion of the Trustee affects the interest of the holders of one Class only of the B Notes shall be deemed to have been duly passed if passed at a separate meeting of the B Notes of that Class;

(v) a resolution which, in the opinion of the Trustee, affects the interests of the holders of two or more Classes of the B Notes but does not give rise to a conflict of interest between the holders of each such Class of the B Notes shall be deemed to have been duly passed if passed at a single meeting of the holders of the B Notes of those affected Classes;

(vi) a resolution which, in the opinion of the Trustee, affects the interests of the holders of two or more Classes of the B Notes and gives or may give rise to a conflict of interest between the holders of each such Class of the B Notes shall be deemed to have been duly passed only if in lieu of being passed at a single meeting of the holders of the B Notes of such Classes it shall be duly passed at separate meetings of the holders of each such Class of the B Notes;

(vii) a resolution which, in the opinion of the Trustee affects the interest of the holders of one Class only of the C Notes shall be deemed to have been duly passed if passed at a separate meeting of the C Notes of that Class;

(viii) a resolution which, in the opinion of the Trustee, affects the interests of the holders of two or more Classes of the C Notes but does not give rise to a conflict of interest between the holders of each such Class of the C Notes shall be deemed to have been duly passed if passed at a single meeting of the holders of the C Notes of those affected Classes;

(ix) a resolution which, in the opinion of the Trustee, affects the interests of the holders of two or more Classes of the C Notes and gives or may give rise to a conflict of interest between the holders of each such Class of the C Notes shall be deemed to have been duly passed only if in lieu of being passed at a single meeting of the holders of the C Notes of such Classes it shall be duly passed at separate meetings of the holders of each such Class of the C Notes;

(x) a resolution which, in the opinion of the Trustee affects the interest of the holders of one Class only of the D Notes shall be deemed to have been duly passed if passed at a separate meeting of the D Notes of that Class;

(xi) a resolution which, in the opinion of the Trustee, affects the interests of the holders of two or more Classes of the D Notes but does not give rise to a conflict of interest between the holders of each such Class of the D Notes shall be deemed to have been duly passed if passed at a single meeting of the holders of the D Notes of those affected Classes;

(xii) a resolution which, in the opinion of the Trustee, affects the interests of the holders of two or more Classes of the D Notes and gives or may give rise to a conflict of interest between the holders of each such Class of the D Notes shall be deemed to have been duly passed only if in lieu of being passed at a single meeting of the holders of the D Notes of such Classes it shall be duly passed at separate meetings of the holders of each such Class of the D Notes;

(xiii) a resolution which, in the opinion of the Trustee affects the interest of the holders of one Class only of the E Notes shall be deemed to have been duly passed if passed at a separate meeting of the E Notes of that Class;

(xiv) a resolution which, in the opinion of the Trustee, affects the interests of the holders of two or more Classes of the E Notes but does not give rise to a conflict of interest between the holders of each such Class of the E Notes shall be deemed to have been duly passed if passed at a single meeting of the holders of the E Notes of those affected Classes; and

(xv) a resolution which, in the opinion of the Trustee, affects the interests of the holders of two or more Classes of the E Notes and gives or may give rise to a conflict of interest between the holders of each such Class of the E Notes shall be deemed to have been duly passed only if in lieu of being passed at a single meeting of the holders of the E Notes of such Classes it shall be duly passed at separate meetings of the holders of each such Class of the E Notes.

- (b) The Trust Deed contains provisions limiting (subject to the following paragraph) (i) the powers of the holders of the B Notes, the C Notes, the D Notes, the E Notes and the F Notes, amongst other things, to request or direct the Trustee to take any action or to pass an effective Extraordinary Resolution according to the effect thereof on the interests of the holders of the A Notes and (ii) the powers of the holders of the C Notes, the D Notes, the E Notes and the F Notes amongst other things, to request or direct the Trustee to take any action or to pass an effective Extraordinary Resolution according to the effect thereof on the interests of the A Notes and the B Notes and (iii) the powers of the holders of the D Notes, E Notes and F Notes, amongst other things, to request or direct the Trustee to take any action or to pass an effective Extraordinary Resolution according to the effect thereof on the interests of the A Notes, B Notes and C Notes; (iv) the powers of the holders of the E Notes and the F Notes, amongst other things, to request or direct the Trustee to take any action or to pass an effective Extraordinary Resolution according to the effect thereof on the interests of the A Notes, B Notes, C Notes and D Notes ; and (v) the powers of the holders of the F Notes, amongst other things, to request or direct the Trustee to take any action or to pass an effective Extraordinary Resolution according to the effect thereof on the interests of the A Notes, B Notes, C Notes, D Notes and E Notes.

The Trust Deed imposes no such limitation on the powers of the holders of any Class of Notes by reference to the effect thereof on the interests of holders of lower ranking Classes of Notes, the exercise of which will be binding on the holders of lower ranking classes of Notes irrespective of the effect on their interests, except an Extraordinary Resolution of the holders of one Class of Notes to sanction a modification of, or any waiver or authorisation of any breach or proposed breach of, these Conditions or any of the Transaction Documents shall not be effective unless the Trustee is of the opinion that it would not be materially prejudicial to the interests of the holders of each lower ranking Classes of Notes or it has been sanctioned by an Extraordinary Resolution of the holders of each such lower ranking Class of Notes.

In addition, a resolution in writing signed by or on behalf of all Noteholders of any Class who for the time being are entitled to receive notice of a meeting of such Noteholders under the Trust Deed will take effect as if it were an Extraordinary Resolution. Such a resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more such Noteholders.

- (c) The Trustee may agree, without the consent of the Noteholders (i) to any modification (except a

Reserved Matter) of, or to the waiver or authorisation of any breach of or proposed breach of, these Conditions or any of the Transaction Documents, which is not, in the opinion of the Trustee, materially prejudicial to the interests of the holders of the Most Senior Class of Notes then outstanding or (ii) to any modification of these Conditions or any of the Transaction Documents or any Other Relevant Documents, which, in the Trustee's opinion, is to correct a manifest error or is of a formal, minor or technical nature. The Trustee may also, without the consent of the Noteholders, determine that any Event of Default shall not, or shall not subject to specified conditions, be treated as such. Any such modification, waiver, authorisation or determination shall be binding on the Noteholders and, unless the Trustee agrees otherwise, any such modification shall be notified to the Noteholders in accordance with Condition 15 as soon as practicable thereafter.

In addition, the Issuer and the Trustee may, without the consent of the Noteholders, execute or consent to any amendment, supplement, waiver or modification to any provision of the Trust Deed and any other Transaction Document to the extent such amendment, supplement, waiver or modification is deemed (in the sole discretion of the Issuer and the Trustee) necessary to effect compliance with the restrictions applicable to the Issuer and the Notes under Section 3(c)(7) of the Investment Company Act, including, without limitation, compliance with any new and/or modified procedures established by Euroclear or Clearstream, Luxembourg to comply with the restrictions under Section 3(c)(7) of the Investment Company Act.

- (d) The Trustee may agree to such amendment of these Conditions and of any of the Transaction Documents and to such other conditions as the Trustee may require and subject to the relevant provisions of the Trust Deed, but without the consent of the Noteholders, to the substitution of another body corporate in place of the Issuer as principal debtor under the Trust Deed and the Notes, subject to the Notes being unconditionally and irrevocably guaranteed by the Issuer (unless all or substantially all of the assets of the Issuer are transferred to such body corporate) and to such body corporate being a special purpose vehicle and undertaking itself to be bound by the provisions set out in Condition 4. In the case of a substitution pursuant to this paragraph (d), the Trustee may in its absolute discretion agree, without the consent of the Noteholders, to a change of the law governing the Notes and/or any of the Transaction Documents provided that such change would not, in the opinion of the Trustee, be materially prejudicial to the interests of such Noteholders.
- (e) Where the Trustee is required in connection with the exercise of its powers, trusts, rights, authorities, duties and discretions to have regard to the interests of the holders of the Notes of any Class, it shall have regard to the interests of such holders as one Class and, in particular but without prejudice to the generality of the foregoing, the Trustee shall not have regard to, or be in any way liable for, the consequences of such exercise for individual Noteholders of the relevant Class resulting from their being for any purposes domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory. In connection with any such exercise, the Trustee shall not be entitled to require, and no Noteholder shall be entitled to claim, from the Issuer or any other person any indemnification or payment in respect of any tax consequences of any such exercise upon individual Noteholders.
- (f) The Trustee shall be entitled to assume, for the purposes of exercising any power, trust, right, authority, duty or discretion under or in relation to these Conditions or any of the Transaction Documents, that such will not be materially prejudicial to the interests of the holders of the Notes of any Class if the Rating Agency has confirmed that the then current rating of such Class of Notes would not be adversely affected by such exercise.

13. Indemnification and Exoneration of the Trustee and the Trustee

- (a) The Trust Deed contains provisions governing the responsibility (and relief from responsibility) of the Trustee and providing for its indemnification in certain circumstances, including provisions relieving it from taking enforcement proceedings or enforcing the Security unless indemnified and/or secured to its satisfaction. The Trustee and its related companies are entitled to enter into business transactions with the Issuer, HSBC and/or related companies of either of them without accounting for any profit resulting therefrom.
- (b) The Deed of Charge also relieves the Trustee of liability for not having made or not having caused to be made on its behalf the searches, investigations and enquiries which a prudent chargee would normally have been likely to make in entering into the Deed of Charge.
- (c) The Trustee: (i) does not have any responsibility in relation to the legality, validity, sufficiency and

enforceability of the Security or any order of priority purportedly created by the Deed of Charge; (ii) will not be obliged to take any action which might result in its incurring personal liabilities; and (iii) will not be obliged to supervise the performance of the Corporate Services Provider or any other person of their obligations under the Transaction Documents or the Other Relevant Documents. The Trustee shall be entitled to assume, unless it has actual knowledge to the contrary, that all such persons are properly performing their duties.

14. Replacement of Note Certificates

If any Note Certificate is mutilated, defaced, lost, stolen or destroyed, it may be replaced at the specified office of a Paying Agent or the Registrar in London subject to all applicable laws and stock exchange requirements. Replacement of any mutilated, defaced, lost, stolen or destroyed Note Certificate will only be made on payment of such out of pocket costs as may be incurred in connection therewith and on such terms as to evidence and indemnity as the Issuer or relevant Agent may reasonably require. Mutilated or defaced Note Certificates must be surrendered before new ones will be issued.

15. Notice to Noteholders

Any notice to Noteholders shall be deemed to have been duly given (in respect of Notes represented by a Global Note Certificate) if sent to DTC, Euroclear and Clearstream, Luxembourg, and shall be deemed to be given on the date on which it was so sent. In addition (other than when the Notes are represented by Global Note Certificates), notice to the Noteholders shall be validly given if published in the *Financial Times* and *The Wall Street Journal* or, if either of these newspapers shall cease to be published or timely publication therein shall not be practicable, in such English language newspaper or newspapers as the Trustee shall approve and having a general circulation in Europe and the United States (as applicable), provided that if, at any time, the Issuer procures that the information contained in such notice shall appear on a page of the Reuters Screen or of the Bloomberg service, and such page has been notified to the Noteholders in the manner set out above, or any other medium for electronic display of data as may be previously approved in writing by the Trustee and so notified to Noteholders (in each case the “**Notification Screen**”), publication in the *Financial Times* and *The Wall Street Journal* shall not be required with respect to such information. Such notices shall be deemed to have been given on the date of such publication or, if published more than once or on different dates, on the first date on which publication shall have been made in the newspaper or newspapers in which (or on the Notification Screen on which) publication is required.

The Trustee shall be at liberty to sanction some other method of giving notice to the Noteholders or to a class or category of them if, in its opinion, such other method is reasonable having regard to market practice then prevailing and to the requirements of the stock exchange on which the Notes are then listed and provided that notice of such other method is given to the Noteholders in such manner as the Trustee shall require. While the Notes are listed on the London Stock Exchange, copies of all notices given in accordance with these provisions shall be sent to a Regulatory Information Service prescribed by the Listing Rules of the UKLA and to DTC, Euroclear and Clearstream, Luxembourg.

16. Third Party Rights

No person shall have any right to enforce any term or condition of the Notes or the Trust Deed under the Contracts (Rights of Third Parties) Act 1999.

17. Governing Law

- (a) The Transaction Documents, the Global Note Certificates and the Individual Note Certificates (if any) are governed by, and shall be construed in accordance with, English law.
- (b) The courts of England have jurisdiction to settle any disputes which may arise out of or in connection with the Notes and accordingly any legal action or proceedings arising out of or in connection with the Notes may be brought in such courts.

PURCHASE AND TRANSFER RESTRICTIONS

Because of the following restrictions, purchasers are advised to consult legal counsel prior to making any offer, sale, resale, pledge or transfer of the Notes.

The Notes have not been and will not be registered under the Securities Act or any state securities or “Blue Sky” laws or the securities laws of any other jurisdiction and, accordingly, may not be reoffered, resold, pledged or otherwise transferred except in accordance with the restrictions described below.

Without limiting the foregoing, by holding a Note, each Holder of a Note will acknowledge and agree, among other things, that such Holder understands that neither of the Issuer nor the Securitised Portfolio is registered as an investment company under the Investment Company Act, but that the Issuer and the Securitised Portfolio are exempt from registration as such by virtue of Section 3(c)(7) of the Investment Company Act. Section 3(c)(7) exempts issuers from the registration requirements of the Investment Company Act that privately place their securities solely to QPs. In general, QP means, among other things, any natural person who owns not less than U.S.\$5,000,000 in investments; any person who in the aggregate owns and invests, on a discretionary basis, not less than U.S.\$25,000,000 in investments; and trusts as to which both the settlor and the decision-making trustee are qualified purchasers (but only if such trust was not formed for the specific purpose of making such investment).

Prospective Initial Investors in the Notes

Each prospective purchaser of the Notes offered in reliance on Rule 144A under the Securities Act (a “**U.S. Offeree**”) and each prospective purchaser of the Notes offered in reliance on Regulation S (a “**Non-U.S. Offeree**”) and together with the U.S. Offerees, the “**Offerees**”), by accepting delivery of this prospectus, will be deemed to have represented, acknowledged and agreed as follows:

- (i) The Offeree acknowledges that this prospectus is personal to the Offeree and does not constitute an offer to any other person or to the public generally to subscribe for or otherwise acquire the Notes other than pursuant to Rule 144A, or another exemption from registration from the Securities Act, or in offshore transactions in accordance with Regulation S. Distribution of this prospectus or disclosure of any of its contents to any person other than the Offeree and those persons, if any, retained to advise the Offeree with respect thereto and other persons meeting the requirements of Rule 144A or Regulation S is unauthorised and any disclosure of any of its contents, without the prior written consent of the Issuer, is prohibited.
- (ii) The Offeree agrees to make no photocopies of this prospectus or any documents referred to herein and, if the Offeree does not purchase the Notes or the offering is terminated, to return this Prospectus and all documents referred to herein to HSBC Bank plc, Level 19, 8 Canada Square, London E14 5HQ, Attention: CIB Central
- (iii) The Offeree has carefully read and understands this prospectus, including, without limitation, the “*Risk Factors and Investment Considerations*” section herein, and has based its decision to purchase the Notes upon the information contained herein and on written information, if any, provided to it by the Issuer and the Managers and not on any other information.

Notes

Legend

Unless determined otherwise by the Issuer in accordance with applicable law and so long as any Class of Notes is outstanding, the Notes will bear a legend substantially set forth below:

THIS NOTE HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE “SECURITIES ACT”), ANY STATE SECURITIES LAWS IN THE UNITED STATES OR THE SECURITIES LAWS OF ANY OTHER JURISDICTION AND NEITHER THE ISSUER NOR THE SECURITISED PORTFOLIO HAS BEEN REGISTERED UNDER THE UNITED STATES INVESTMENT COMPANY ACT OF 1940, AS AMENDED (THE “INVESTMENT COMPANY ACT”). THE HOLDER HEREOF, BY ITS ACCEPTANCE OF THIS NOTE, REPRESENTS THAT IT HAS OBTAINED THIS NOTE IN A TRANSACTION IN COMPLIANCE WITH THE SECURITIES ACT, THE INVESTMENT COMPANY ACT AND ALL OTHER APPLICABLE LAWS OF THE UNITED STATES OR ANY OTHER JURISDICTION, AND THE RESTRICTIONS ON SALE AND TRANSFER SET FORTH

IN THE TRUST DEED. THE HOLDER HEREOF, BY ITS ACCEPTANCE OF THIS NOTE, FURTHER REPRESENTS, ACKNOWLEDGES AND AGREES THAT IT WILL NOT REOFFER, RESELL, PLEDGE OR OTHERWISE TRANSFER THIS NOTE (OR ANY INTEREST HEREIN) EXCEPT IN COMPLIANCE WITH THE SECURITIES ACT, THE INVESTMENT COMPANY ACT AND ALL OTHER APPLICABLE LAWS OF ANY JURISDICTION AND IN ACCORDANCE WITH THE RESTRICTIONS, CERTIFICATIONS AND OTHER REQUIREMENTS SPECIFIED IN THE TRUST DEED (i) TO A TRANSFEREE (a) THAT IS A QUALIFIED PURCHASER PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED PURCHASER IN A TRANSACTION THAT WOULD NOT CAUSE THE ISSUER OR THE SECURITISED PORTFOLIO TO BE REQUIRED TO BE REGISTERED UNDER THE INVESTMENT COMPANY ACT, (b)(1) THAT WAS NOT FORMED FOR THE PURPOSE OF INVESTING IN THE ISSUER, (2) THAT IS NOT A PARTNERSHIP, COMMON TRUST FUND, PENSION, PROFIT SHARING OR OTHER RETIREMENT TRUST FUND OR PLAN IN WHICH THE PARTNERS, BENEFICIARIES OR PARTICIPANTS, AS APPLICABLE, MAY DESIGNATE THE PARTICULAR INVESTMENTS TO BE MADE AND (3) IF IT WOULD BE AN INVESTMENT COMPANY BUT FOR THE EXCEPTION IN SECTION 3(C)(1) OR SECTION 3(C)(7) OF THE INVESTMENT COMPANY ACT, WHOSE INVESTMENT IN THE NOTES DOES NOT EXCEED 40% OF ITS TOTAL ASSETS, IN EACH CASE, EXCEPT WHEN EACH BENEFICIAL OWNER OF THE PURCHASER IS A QUALIFIED PURCHASER, (c) THAT (1) HAS RECEIVED THE NECESSARY CONSENT FROM ITS BENEFICIAL OWNERS IF THE PURCHASER IS A PRIVATE INVESTMENT COMPANY FORMED BEFORE APRIL 30, 1996, (2) IS NOT A BROKER-DEALER THAT OWNS AND INVESTS ON A DISCRETIONARY BASIS LESS THAN U.S.\$25,000,000 IN SECURITIES OF UNAFFILIATED ISSUERS, (3) IS NOT A SPECIAL TRUST, PENSION, PROFIT SHARING OR OTHER RETIREMENT TRUST FUND OR PLAN IN WHICH THE BENEFICIARIES OR PARTICIPANTS MAY DESIGNATE THE PARTICULAR INVESTMENTS TO BE MADE AND (4) AGREES TO PROVIDE NOTICE TO ANY SUBSEQUENT TRANSFEREE OF THE TRANSFER RESTRICTIONS PROVIDED IN THIS LEGEND AND (d) THAT IS A PERSON WHOM THE SELLER REASONABLY BELIEVES IS A “QUALIFIED INSTITUTIONAL BUYER” AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT (A “QUALIFIED INSTITUTIONAL BUYER”) PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER IN COMPLIANCE WITH RULE 144A UNDER THE SECURITIES ACT OR (ii) TO A TRANSFEREE THAT IS NOT A U.S. PERSON (AS DEFINED IN REGULATION S OF THE SECURITIES ACT) AND IS ACQUIRING THIS NOTE IN AN OFFSHORE TRANSACTION IN COMPLIANCE WITH RULE 903 OR RULE 904 OF REGULATION S UNDER THE SECURITIES ACT AND, IN THE CASE OF CLAUSES (i) AND (ii), IN A PRINCIPAL AMOUNT, WITH RESPECT TO EACH CLASS OF NOTES OF NOT LESS THAN \$/€£ FOR THE PURCHASER AND FOR EACH ACCOUNT FOR WHICH IT IS ACTING. EACH PURCHASER OR TRANSFEREE OF THIS NOTE WILL BE DEEMED TO HAVE MADE THE REPRESENTATIONS AND AGREEMENTS SET FORTH IN THE TRUST DEED.

“QUALIFIED PURCHASER” MEANS ANY PERSON THAT IS (i) A “QUALIFIED PURCHASER” AS DEFINED IN SECTION 2(a)(51) OF THE INVESTMENT COMPANY ACT AND THE RULES THEREUNDER, OR (ii) A “KNOWLEDGEABLE EMPLOYEE” WITH RESPECT TO THE ISSUER AS DEFINED IN RULE 3c-5 UNDER THE INVESTMENT COMPANY ACT OR (iii) A COMPANY BENEFICIALLY OWNED EXCLUSIVELY BY ONE OR MORE “QUALIFIED PURCHASERS” AND/OR “KNOWLEDGEABLE EMPLOYEES” WITH RESPECT TO THE ISSUER.

ANY SALE OR TRANSFER IN VIOLATION OF THE FOREGOING WILL BE OF NO FORCE AND EFFECT, WILL BE VOID AB INITIO, AND WILL NOT OPERATE TO TRANSFER ANY RIGHTS TO THE TRANSFEREE, NOTWITHSTANDING ANY INSTRUCTIONS TO THE CONTRARY TO THE ISSUER, THE TRUSTEE OR ANY INTERMEDIARY.

The following paragraph is to be included in the legend for Regulation S Notes only:

EACH TRANSFEROR OF THIS NOTE AGREES TO PROVIDE NOTICE OF THE TRANSFER RESTRICTIONS SET FORTH HEREIN AND IN THE TRUST DEED TO THE TRANSFEREE. IN ADDITION TO THE FOREGOING, THE ISSUER MAINTAINS THE RIGHT TO RESELL ANY INTEREST IN THIS NOTE PREVIOUSLY TRANSFERRED TO HOLDERS NOT ELIGIBLE TO PURCHASE SUCH INTERESTS IN ACCORDANCE WITH AND SUBJECT TO THE TERMS OF

THE TRUST DEED. HOWEVER, WITHOUT PREJUDICE TO THE RIGHTS OF THE ISSUER AGAINST ANY BENEFICIAL OWNER OR PURPORTED BENEFICIAL OWNER OF NOTES, NOTHING IN THE TRUST DEED OR THE NOTES SHALL BE INTERPRETED TO CONFER ON THE ISSUER, THE TRUSTEE OR ANY NOTE PAYING AGENT ANY RIGHT AGAINST EUROCLEAR AND/OR CLEARSTREAM, LUXEMBOURG TO REQUIRE THAT EUROCLEAR AND/OR CLEARSTREAM, LUXEMBOURG, AS THE CASE MAY BE, REVERSE OR RESCIND ANY TRADE COMPLETED IN ACCORDANCE WITH THE RULES OF EUROCLEAR AND/OR CLEARSTREAM, LUXEMBOURG, AS THE CASE MAY BE.

The following paragraph is to be included in the legend for Rule 144A Notes only:

EACH TRANSFEROR OF THIS NOTE AGREES TO PROVIDE NOTICE OF THE TRANSFER RESTRICTIONS SET FORTH HEREIN AND IN THE TRUST DEED TO THE TRANSFEREE. IN ADDITION TO THE FOREGOING, THE ISSUER MAINTAINS THE RIGHT TO RESELL ANY INTEREST IN THIS NOTE PREVIOUSLY TRANSFERRED TO HOLDERS NOT ELIGIBLE TO PURCHASE SUCH INTERESTS IN ACCORDANCE WITH AND SUBJECT TO THE TERMS OF THE TRUST DEED. HOWEVER, WITHOUT PREJUDICE TO THE RIGHTS OF THE ISSUER AGAINST ANY BENEFICIAL OWNER OR PURPORTED BENEFICIAL OWNER OF NOTES, NOTHING IN THE TRUST DEED OR THE NOTES SHALL BE INTERPRETED TO CONFER ON THE ISSUER, THE TRUSTEE OR ANY NOTE PAYING AGENT ANY RIGHT AGAINST THE DEPOSITORY TRUST COMPANY (“DTC”) TO REQUIRE THAT DTC REVERSE OR RESCIND ANY TRADE COMPLETED IN ACCORDANCE WITH THE RULES OF DTC.

The following paragraph is to be included in the legend for the A Notes, the B Notes, the C Notes and the D Notes only:

EACH ORIGINAL PURCHASER AND EACH TRANSFEREE OF THIS NOTE OR AN INTEREST THEREIN IS DEEMED TO REPRESENT, WARRANT AND AGREE THAT EITHER (A) THE HOLDER IS NOT, AND FOR SO LONG AS IT HOLDS THIS NOTE WILL NOT BE, AN “EMPLOYEE BENEFIT PLAN” SUBJECT TO THE EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED (“ERISA”), A “PLAN” WITHIN THE MEANING OF SECTION 4975 OF THE INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE “CODE”), ANY PERSON OR ENTITY WHOSE ASSETS INCLUDE THE ASSETS OF ANY SUCH “EMPLOYEE BENEFIT PLAN” OR “PLAN” BY REASON OF 29 C.F.R. 2510.3-101 OR OTHERWISE, OR ANY OTHER EMPLOYEE BENEFIT PLAN SUBJECT TO ANY FEDERAL, STATE, LOCAL OR FOREIGN LAW THAT IS SUBSTANTIALLY SIMILAR TO SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE, AND IS NOT PURCHASING THIS NOTE ON BEHALF OF ANY SUCH PERSON, OR (B) THE PURCHASE, HOLDING AND SUBSEQUENT DISPOSITION OF THIS NOTE WILL NOT RESULT IN A PROHIBITED TRANSACTION UNDER SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE (OR, IN THE CASE OF ANY SUCH OTHER EMPLOYEE BENEFIT PLAN, ARE NOT IN VIOLATION OF ANY SUCH SUBSTANTIALLY SIMILAR LAW).

The following paragraph is to be included in the legend for the E Notes and the F Notes only:

THIS NOTE (AND ANY INTEREST IN THIS NOTE) MAY NOT BE PURCHASED BY OR OTHERWISE ACQUIRED BY ANY EMPLOYEE BENEFIT PLAN WITHIN THE MEANING OF AND SUBJECT TO SECTION 3(3) OF THE EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED (“ERISA”), A PLAN SUBJECT TO SECTION 4975 OF THE INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE “CODE”), OR ANY PERSON OR ENTITY WHOSE ASSETS INCLUDE THE ASSETS OF ANY SUCH EMPLOYEE BENEFIT PLAN OR PLAN BY REASON OF 29 C.F.R. 2510.3-101 OR OTHERWISE. EACH ORIGINAL PURCHASER AND EACH TRANSFEREE OF THIS NOTE OR AN INTEREST THEREIN IS DEEMED TO REPRESENT, WARRANT AND AGREE THAT (A) IT IS NOT (AND IS NOT DEEMED FOR PURPOSES OF ERISA OR SECTION 4975 OF THE CODE TO BE) AND FOR SO LONG AS IT HOLDS THIS NOTE WILL NOT BE (OR BE DEEMED FOR SUCH PURPOSES TO BE) AN “EMPLOYEE BENEFIT PLAN” AS DEFINED IN AND SUBJECT TO ERISA OR A “PLAN” AS DEFINED IN SECTION 4975 OF THE CODE, AND (B)(i) IT IS NOT AND FOR SO LONG AS IT HOLDS THIS NOTE (OR ANY INTEREST IN THIS NOTE) WILL NOT BE AN EMPLOYEE BENEFIT PLAN WHICH IS SUBJECT TO ANY FEDERAL, STATE, LOCAL OR FOREIGN LAW THAT IS SUBSTANTIALLY SIMILAR TO SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE, OR (ii) THE PURCHASE AND HOLDING OF THE NOTES DO

NOT AND WILL NOT VIOLATE ANY SUCH SUBSTANTIALLY SIMILAR LAW. ANY PURPORTED HOLDING OF THIS NOTE BY A PURCHASER (OR AN INTEREST IN THIS NOTE) OR TRANSFER OF THIS NOTE (OR ANY INTEREST IN THIS NOTE) TO A TRANSFEREE THAT DOES NOT COMPLY WITH THE FOREGOING SHALL BE NULL AND VOID AB INITIO.

The following two paragraphs are to be included in the legend for Regulation S Notes only:

[ANY TRANSFER, PLEDGE OR OTHER USE OF THIS NOTE FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL SINCE THE REGISTERED OWNER HEREOF, HSBC BANK PLC (“HSBC”), HAS AN INTEREST HEREIN, UNLESS THIS NOTE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF EUROCLEAR AND CLEARSTREAM, LUXEMBOURG TO THE ISSUER OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT AND ANY NOTE ISSUED IS REGISTERED IN THE NAME OF HSBC OR OF SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF EUROCLEAR AND CLEARSTREAM, LUXEMBOURG (AND ANY PAYMENT HEREON IS MADE TO HSBC).]*

[TRANSFER OF THIS NOTE SHALL BE LIMITED TO TRANSFERS IN WHOLE, AND NOT IN PART, TO NOMINEES OF EUROCLEAR AND CLEARSTREAM, LUXEMBOURG OR TO SUCCESSORS THEREOF OR SUCH SUCCESSORS’ NOMINEE AND TRANSFERS OF INTERESTS IN THIS NOTE SHALL BE LIMITED TO TRANSFERS MADE IN ACCORDANCE WITH THE RESTRICTIONS SET FORTH IN THE TRUST DEED.]*

The following two paragraphs are to be included in the legend for Rule 144A Notes only:

[ANY TRANSFER, PLEDGE OR OTHER USE OF THIS NOTE FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL SINCE THE REGISTERED OWNER HEREOF, CEDE & CO. (“CEDE”), HAS AN INTEREST HEREIN, UNLESS THIS NOTE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF DTC TO THE ISSUER OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT AND ANY NOTE ISSUED IS REGISTERED IN THE NAME OF CEDE OR OF SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AND ANY PAYMENT HEREON IS MADE TO CEDE).]*

[TRANSFER OF THIS NOTE SHALL BE LIMITED TO TRANSFERS IN WHOLE, AND NOT IN PART, TO NOMINEES OF DTC OR TO A SUCCESSOR THEREOF OR SUCH SUCCESSOR’S NOMINEE AND TRANSFERS OF INTERESTS IN THIS NOTE SHALL BE LIMITED TO TRANSFERS MADE IN ACCORDANCE WITH THE RESTRICTIONS SET FORTH IN THE TRUST DEED.]*

PRINCIPAL OF THIS NOTE IS PAYABLE AS SET FORTH IN THE TRUST DEED. ACCORDINGLY, THE OUTSTANDING PRINCIPAL OF THIS NOTE AT ANY TIME MAY BE LESS THAN THE AMOUNT SHOWN ON THE FACE HEREOF. ANY PERSON ACQUIRING THIS NOTE MAY ASCERTAIN ITS CURRENT PRINCIPAL AMOUNT BY INQUIRY OF THE PRINCIPAL PAYING AGENT.

THE HOLDER OF THIS NOTE ACKNOWLEDGES THAT NOTWITHSTANDING ANY OTHER PROVISION OF THE TRUST DEED OR ANY OTHER TRANSACTION DOCUMENT, ALL PAYMENTS OF PRINCIPAL, INTEREST OR ANY OTHER AMOUNT TO BE MADE BY THE ISSUER IN RESPECT OF THE NOTES OR UNDER ANY TRANSACTION DOCUMENT WILL BE PAYABLE PURSUANT TO THE PRIORITY OF PAYMENTS AND ONLY FROM, AND TO THE EXTENT OF, THE SUMS PAID TO, OR NET PROCEEDS RECOVERED BY OR ON BEHALF OF, THE ISSUER IN RESPECT OF THE SECURITY (AS DEFINED IN THE DEED OF CHARGE). IF THE PROCEEDS OF THE SECURITY (AS DEFINED IN THE DEED OF CHARGE) ARE NOT SUFFICIENT FOR THE ISSUER TO MEET ITS OBLIGATIONS IN RESPECT OF THE NOTES AND OTHER TRANSACTION DOCUMENTS, NO OTHER ASSETS OF THE ISSUER WILL BE AVAILABLE TO MEET SUCH INSUFFICIENCY.

[NOTWITHSTANDING ANY PROVISION TO THE CONTRARY, NO PARTICIPANT IN THE TRANSACTION REPRESENTED BY THIS NOTE SHALL BE LIMITED FROM DISCLOSING THE U.S. FEDERAL INCOME TAX TREATMENT OR THE U.S. FEDERAL INCOME TAX STRUCTURE OF THIS TRANSACTION.]

* Global Note Certificates only

THIS NOTE HAS BEEN ISSUED WITH ORIGINAL ISSUE DISCOUNT (“OID”) FOR U.S. FEDERAL INCOME TAX PURPOSES. INFORMATION RELATING TO THE ISSUE PRICE OF THE NOTE, THE AMOUNT OF OID ON THE NOTE, ITS ISSUE DATE AND THE YIELD TO MATURITY OF THE NOTE MAY BE OBTAINED FROM HSBC BANK PLC AT 8 CANADA SQUARE, LONDON E14 5HQ, UNITED KINGDOM.

Initial Investors and Transferees of Interests in Rule 144A Global Notes

Each initial investor in, and subsequent transferee of, an interest in a Rule 144A Global Note Certificate will be deemed to have represented and agreed as follows:

- (i) It (a) is a QIB and is acquiring the Notes in reliance on the exemption from the Securities Act registration provided by Rule 144A thereunder, (b) is a QP purchasing for its own account and (c) understands the Notes will bear the legend set forth above and be represented by one or more Rule 144A Global Notes Certificates. In addition, it will be deemed to have represented and agreed that it (a)(1) was not formed for the purpose of investing in the Issuer, (2) is not a partnership, common trust fund, pension, profit sharing or other retirement trust fund or plan in which the partners, beneficiaries or participants, as applicable, may designate the particular investments to be made and (3) if it would be an investment company but for the exception in Section 3(c)(1) or Section 3(c)(7) of the Investment Company Act, its investment in the Notes does not exceed 40% of its total assets, in each case, except when each beneficial owner of the purchaser is a QP purchasing for its own account, (b) has received the necessary consent from its beneficial owners if the purchaser is a private investment company formed before April 30, 1996, (c) is not a broker-dealer that owns and invests on a discretionary basis less than U.S.\$25,000,000 in securities of unaffiliated issuers, (d) it is not a special trust, pension, profit sharing or other retirement trust fund or plan in which the beneficiaries or participants may designate the particular investments to be made, (e) will provide notice to any subsequent transferee of the transfer restrictions provided in the legend, (f) will hold and transfer in an amount of not less than, with respect to each Class of Notes \$/€/£ for it or for each account for which it is acting and (g) will provide the Issuer from time to time such information as it may reasonably request in order to ascertain compliance with this paragraph (i).
- (ii) It understands that the Notes have been offered only in a transaction not involving any public offering in the United States within the meaning of the Securities Act, the Notes have not been and will not be registered under the Securities Act and, if in the future it decides to offer, resell, pledge or otherwise transfer the Notes, such Notes may be offered, resold, pledged or otherwise transferred only in accordance with the provisions of the Trust Deed and the legend on such Notes. It acknowledges that no representation is made as to the availability of any exemption under the Securities Act or any state securities laws for resale of the Notes.
- (iii) In connection with the purchase of the Notes: (a) the Issuer is not acting as a fiduciary or financial or investment advisor for it; (b) it is not relying (for purposes of making any investment decision or otherwise) upon any advice, counsel or representations (whether written or oral) of the Issuer or the Managers (in its capacity as such) or any of their agents, other than any statements in a current prospectus for such Notes and any representations expressly set forth in a written agreement with such party; (c) it has consulted with its own legal, regulatory, tax, business, investment, financial and accounting advisors to the extent it has deemed necessary and has made its own investment decisions based upon its own judgment and upon any advice from such advisors as it has deemed necessary and not upon any view expressed by the Issuer or the Managers; (d) its purchase of the Notes will comply with all applicable laws in any jurisdiction in which it resides or is located; (e) it is acquiring the Notes as principal solely for its own account for investment and not with a view to the resale, distribution or other disposition thereof in violation of the Securities Act; (f) it has made investments prior to the date hereof and was not formed solely for the purpose of investing in the Notes; (g) it is not a (1) partnership, (2) common trust fund or (3) special trust, pension, profit sharing or other retirement trust fund or plan in which the partners, beneficiaries or participants may designate the particular investments to be made; (h) it may not hold any Notes for the benefit of any other person, shall at all times be the sole beneficial owner thereof for purposes of the Investment Company Act and all other purposes and will not sell participation interests in the Notes or enter into any other arrangement pursuant to which any other person shall be entitled to a beneficial interest in the distributions on the Notes; (i) all Notes (together with any other securities of the

Issuer) purchased and held directly or indirectly by it constitute in the aggregate an investment of no more than 40% of its assets or capital; and (j) it is a sophisticated investor and is purchasing the Notes with a full understanding of all of the terms, conditions and risks thereof and is capable of assuming and willing to assume those risks.

- (iv) In the case of the A Notes, B Notes, C Notes and D Notes, either: (A) it is not, and for so long as it holds an A Note, B Note, C Note or D Note, as applicable, will not be, an “employee benefit plan” subject to ERISA, a plan subject to 4975 of the Internal Revenue Code of 1986, as amended (the “Code”), any person or entity whose assets include the assets of any such “employee benefit plan” or “plan” by reason of 29 C.F.R. 2510.3-101 or otherwise, or any other employee benefit plan subject to any federal, state, local or foreign law that is substantially similar to section 406 of ERISA or Section 4975 of the Code, and is not purchasing such note on behalf of any such person, or (B) the purchase, holding and subsequent disposition such Note will not result in a prohibited transaction under section 406 of ERISA or Section 4975 of the Code (or, in the case of any such other employee benefit plan, is not in violation of any such substantially similar law).
- (v) In the case of the E Notes and F Notes: (A) it is not (and is not deemed for purposes of ERISA or Section 4975 of the Code to be) and for so long as it holds an E Note or F Note, as applicable, will not be (or be deemed for such purposes to be) an “employee benefit plan” as defined in and subject to ERISA or a “plan” as defined in Section 4975 of the Code, and (B)(i) it is not and for so long as it holds an E Note or F Note (or any interest therein), as applicable, will not be an employee benefit plan which is subject to any federal, state, local or foreign law that is substantially similar to Section 406 of ERISA or Section 4975 of the Code, or (ii) the purchase and holding of the E Notes or F Notes do not and will not violate any such substantially similar law. Any purported holding of an E Note or F Note by a purchaser (or an interest therein) or transfer of an E Note or F Note (or any interest therein) to a transferee that does not comply with the foregoing shall be null and void *ab initio*.
- (vi) It understands that an investment in the Notes involves certain risks, including the risk of loss of all or a substantial part of its investment under certain circumstances. It has had access to such financial and other information concerning the Issuer and the Notes, as it deemed necessary or appropriate in order to make an informed investment decision with respect to its acquisition of the Notes, including an opportunity to ask questions of and request information from the Issuer. It understands that the Notes will be highly illiquid and are not suitable for short term trading. It understands that it is possible that due to the structure of the transaction and the performance of the portfolio, payments on the Notes may be deferred, reduced or eliminated entirely. The Issuer has assets limited to the Security for payment of the Notes.
- (vii) It understands that the Trust Deed permits the Issuer to demand that any beneficial owner of Rule 144A Global Notes who is determined not to be both a QIB and a QP at the time of acquisition of such Rule 144A Global Notes Certificates to sell all its right, title and interest in such Notes (a) to a person who is both a QIB and a QP in a transaction meeting the requirements of Rule 144A or (b) to a person who will take delivery of its interest in Rule 144A Global Note Certificates in the form of an interest in a Regulation S Global Note Certificate and who is not a U.S. Person in a transaction meeting the requirements of Regulation S in a transaction exempt from registration under the Securities Act or any state or other relevant securities laws and, if it does not comply with such demand within thirty (30) days thereof, the Issuer may sell its interest in the Note.
- (viii) It acknowledges that it is its intent and that it understands it is the Issuer’s intent, that for purposes of U.S. federal, state and local income taxes, the Issuer will be treated as a corporation and the A1 Notes, A2 Notes, A3 Notes, B Notes, C Notes and D Notes will be treated as indebtedness of the Issuer and the E Notes and F Notes will be treated as equity of the Issuer; it agrees to such treatment, to report all income (or loss) in accordance with such treatment and to take no action inconsistent with such treatment, except as otherwise required by any taxing authority under applicable law.
- (ix) It is aware that, except as otherwise provided in the Trust Deed, the Notes being sold to it will be represented by one or more Global Note Certificates, and that beneficial interests therein may be held only through Euroclear and Clearstream, Luxembourg or DTC or one of their nominees, as applicable.
- (x) It understands that the Issuer, the Trustee, the Managers and their counsel will rely on the accuracy and truth of the foregoing representation, and it hereby consents to such reliance.

Initial Investors and Transferees of Interests in Regulation S Global Notes

Each initial investor in, and subsequent transferee of, an interest in a Regulation S Global Note Certificate will be deemed to have made the representations set forth in clauses (ii), (iii), (iv), (vi), (viii), (ix) and (x) above and will be deemed to have further represented and agreed as follows:

- (i) It is aware that the sale of Notes to it is being made in reliance on the exemption from registration provided by Regulation S and understands that the Notes offered in reliance on Regulation S will bear the legend set forth above and be represented by or one or more Regulation S Global Note Certificate. The Notes so represented may not at any time be held by or on behalf of U.S. Persons as defined in Regulation S. It and each beneficial owner of the Notes that it holds is not, and will not be, a U.S. Person (as defined in Regulation S) and its purchase of the Notes will comply with all applicable laws in any jurisdiction in which it resides or is located.
- (ii) If it is not a “United States person” as defined in Section 7701 (a)(30) of the Code, it is not acquiring any Note as part of a plan to reduce, avoid or evade U.S. federal income taxes owed, owing or potentially owed or owing.
- (iii) It understands that the Trust Deed permits the Issuer to demand that any beneficial owner of Regulation S Global Notes who is determined to be a U.S. Person to sell all its right, title and interest in such Regulation S Global Note Certificate (a) to a person who is not a U.S. Person in a transaction meeting the requirements of Regulation S or (b) to a person who will take delivery of the Holder’s Regulation S Global Notes in the form of an interest in a Rule 144A Global Note Certificate, who is both a QIB and a QP in a transaction meeting the requirements of Rule 144A or another exemption from registration under the Securities Act and, if the Holder does not comply with such demand within thirty (30) days thereof, the Issuer may sell such Holder’s interest in the Note.
- (iv) In the case of the A Notes, B Notes, C Notes and D Notes, either: (A) it is not, and for so long as it holds an A Note, B Note, C Note or D Note, as applicable, will not be, an “employee benefit plan” subject to ERISA, a plan subject to 4975 of the Code, any person or entity whose assets include the assets of any such “employee benefit plan” or “plan” by reason of 29 C.F.R. 2510.3-101 or otherwise, or any other employee benefit plan subject to any federal, state, local or foreign law that is substantially similar to section 406 of ERISA or Section 4975 of the Code, and is not purchasing such note on behalf of any such person, or (B) the purchase, holding and subsequent disposition of such Note will not result in a prohibited transaction under section 406 of ERISA or Section 4975 of the Code (or, in the case of any such other employee benefit plan, is not in violation of any such substantially similar law).
- (v) In the case of the E Notes and F Notes: (A) it is not (and is not deemed for purposes of ERISA or Section 4975 of the Code to be) and for so long as it holds an E Note or F Note, as applicable, will not be (or be deemed for such purposes to be) an “employee benefit plan” as defined in and subject to ERISA or a “plan” as defined in Section 4975 of the Code, and (B)(i) it is not and for so long as it holds an E Note or F Note (or any interest therein), as applicable, will not be an employee benefit plan which is subject to any federal, state, local or foreign law that is substantially similar to Section 406 of ERISA or Section 4975 of the Code, or (ii) the purchase and holding of the E Notes or F Notes do not and will not violate any such substantially similar law. Any purported holding of an E Note or F Note by a purchaser (or an interest therein) or transfer of an E Note or F Note (or any interest therein) to a transferee that does not comply with the foregoing shall be null and void ab initio.

Settlement

All payments in respect of the Sterling Notes shall be made in Sterling in same-day funds. All payments in respect of the Euro Notes shall be made in euros in same-day funds. All payments in respect of the Dollar Notes shall be made in US dollars in same-day funds.

FORM OF NOTES

Rule 144A Global Note Certificates

The Notes sold in the United States or to U.S. Persons pursuant to Rule 144A will be represented by one or more Rule 144A Global Note Certificates. The Rule 144A Global Note Certificates will be deposited with the DTC Custodian, as custodian for DTC and registered in the name of Cede, as nominee of DTC, or in the case of the other Notes, with the Common Depository.

All or a portion of an interest in a Rule 144A Global Note Certificate may be transferred to a person taking delivery in the form of an interest in a Rule 144A Global Note Certificate in accordance with the applicable procedures of DTC (in addition to procedures and restrictions set forth under the Trust Deed); *provided* that (i) any remaining principal amount of the transferor's interest in the Rule 144A Global Note Certificate will either equal zero or meet the required Minimum Denominations and (ii) such transfer is made to a U.S. Person that is a QIB and a QP in a transaction that meets the requirements of Rule 144A and that the transferee, by purchase of such interest in the Rule 144A Global Note Certificates, will be deemed to have made all representations, warranties and acknowledgments applicable to transfers or purchases of an interest in a Rule 144A Global Note Certificate described under "*Purchase and Transfer Restrictions*".

In addition, all or a portion of an interest in a Rule 144A Global Note Certificate may be transferred to a person taking delivery in the form of an interest in a Regulation S Global Note Certificate or exchanged for an interest in a Regulation S Global Note Certificate, in accordance with the applicable procedures of DTC, Clearstream, Luxembourg or Euroclear (in addition to the procedures and restrictions set forth under the Trust Deed) and only upon receipt by the Trustee of a written certification (i) from the transferee (in the form provided in the Trust Deed) to the effect that, among other things, the transferee is not a U.S. Person and that such transfer is being made in an offshore transaction in accordance with Regulation S and in accordance with any applicable securities laws of any state of the United States or any other jurisdiction and only in a denomination greater than or equal to the required Minimum Denominations and (ii) from the transferor (in the form provided in the Trust Deed) to the effect that, among other things, the transfer is being made to a person whom the transferor reasonably believes is not a U.S. Person and that such transfer is being made in an offshore transaction in accordance with Regulation S and in accordance with any applicable securities laws of any state of the United States or any other jurisdiction; *provided* that any remaining principal amount of the transferor's interest in the Rule 144A Global Note Certificate will either equal zero or meet the required Minimum Denominations.

Any beneficial interest in a Rule 144A Global Note Certificate that is transferred to a person who takes delivery in the form of an interest in a Regulation S Global Note Certificate will, upon transfer, cease to be an interest in such Rule 144A Global Note Certificate and become an interest in the Regulation S Global Note Certificate and, accordingly, will thereafter be subject to all transfer restrictions and other procedures applicable to interests in a Regulation S Global Note Certificate for as long as it remains such an interest. No service charge will be made for any registration of transfer or exchange for an interest in a Rule 144A Global Note Certificate, but the Trustee may require payment of a sum sufficient to cover any tax or other governmental charge payable in connection therewith.

Each transferee of a Rule 144A Global Note Certificate (or any interest therein) will be deemed to represent at the time of transfer that: (i) the transferee is a QIB and also a QP; (ii) the transferee is not a dealer described in paragraph (a)(1)(ii) of Rule 144A unless such transferee owns and invests on a discretionary basis at least U.S.\$25,000,000 in securities of issuers that are not affiliated persons of the dealer; (iii) the transferee is not a plan referred to in paragraph (a)(1)(i)(D) or (a)(1)(i)(E) of Rule 144A, or a trust fund referred to in paragraph (a)(1)(i)(F) of Rule 144A that holds the assets of such a plan, unless investment decisions with respect to the plan are made solely by the fiduciary, trustee or sponsor of such plan; and (iv) the transferee will provide written notice of the foregoing, and of any applicable restrictions on transfer, to any subsequent transferee.

The Trust Deed provides that if, notwithstanding the restrictions on transfer contained therein, the Issuer determines that any beneficial owner of a Rule 144A Global Note Certificate (or any interest therein) (i) is a U.S. Person and (ii) is not a QIB and also a QP, such Issuer may require, by notice to such Holder, that such Holder sell all of its right, title and interest to such Rule 144A Global Note Certificate (or interest therein) to a Person that is a QIB and a QP, with such sale to be effected within thirty (30) days after notice of such sale requirement is given. If such beneficial owner fails to effect the transfer required within such thirty (30) day period, (i) upon direction from the Issuer, the Trustee, on behalf of and at the

expense of the Issuer, shall cause such beneficial owner's interest in such Note to be transferred in a commercially reasonable sale (conducted by the Trustee in accordance with Section 9-610(b) of the Uniform Commercial Code as in effect in the State of New York as applied to securities that are sold on a recognized market or that may decline speedily in value) to a person that certifies to the Trustee and the Issuer, in connection with such transfer, that such person is a QIB and a QP and (ii) pending such transfer, no further payments will be made in respect of such Note held by such beneficial owner.

Transfers of interests in the Rule 144A Global Note Certificates are subject to certain additional restrictions. In particular, each transferee of an interest in a Rule 144A Global Note Certificate will also be deemed to have made certain additional acknowledgments, representations and warranties as provided in the Trust Deed. See "*Purchase and Transfer Restrictions*".

Regulation S Global Note Certificates

The Notes sold to persons who are not U.S. Persons in offshore transactions (as defined in Regulation S) in reliance on Regulation S under the Securities Act will be represented by one or more Regulation S Global Note Certificates. The Regulation S Global Note Certificate will be deposited with the Common Depositary.

Beneficial interests in Regulation S Global Note Certificates will be subject to certain restrictions on transfer set forth therein and in the Trust Deed (as applicable) as described herein under "*Purchase and Transfer Restrictions*". Interests in the Regulation S Global Note Certificates may not be held by a U.S. Person at any time.

All or a portion of an interest in a Regulation S Global Note Certificate may be transferred to a person taking delivery in the form of an interest in a Regulation S Global Note Certificate, in accordance with the applicable procedures of Clearstream, Luxembourg or Euroclear (in addition to the procedures and restrictions set forth in the Trust Deed); *provided* that (i) any remaining principal amount of the transferor's interest in the Regulation S Global Note Certificates will either equal zero or meet the Minimum Denominations and (ii) such transfer is made to a person who is not a U.S. Person in offshore transactions in reliance on an exemption from the registration requirements of the Securities Act under Regulation S and that the transferee, by purchase of such interest in such Regulation S Global Note Certificates, will be deemed to have made all representations, warranties and acknowledgments applicable to transfers or purchases of an interest in a Regulation S Global Note Certificate described under "*Purchase and Transfer Restrictions*".

In addition, all or a portion of an interest in a Regulation S Global Note Certificate may be transferred to a person taking delivery in the form of an interest in a Rule 144A Global Note Certificate or exchanged for an interest in a Rule 144A Global Note Certificate in accordance with the applicable procedures of DTC, Clearstream, Luxembourg or Euroclear (in addition to the procedures and restrictions set forth in the Trust Deed) upon receipt by the Trustee of a written certification from each of the transferor and the transferee (in the case of a transfer) or the Holder (in the case of an exchange) in the form provided in the Trust Deed to the effect that, among other things, the transfer or exchange is to a person that is both a QIB and a QP, and only in a denomination greater than or equal to the Minimum Denominations; provided that any remaining principal amount of the transferor's interest in the Regulation S Global Note Certificate will either equal zero or meet the required Minimum Denominations.

Any interest in a Regulation S Global Note Certificate that is transferred to a person taking delivery in the form of a Rule 144A Global Note Certificate will, upon transfer, cease to be an interest in such Regulation S Global Note Certificate and become an interest in a Rule 144A Global Note Certificate and, accordingly, will thereafter be subject to all transfer restrictions and other procedures applicable to interests in a Rule 144A Global Note Certificate for as long as it remains such an interest. No service charge will be made for any registration of transfer or exchange for an interest in a Regulation S Global Note Certificate, but the Trustee may require payment of a sum sufficient to cover any tax or other governmental charge payable in connection therewith.

The Trust Deed permits the Issuer to demand that the Holder sell to a Holder permitted under the Trust Deed, any interest in a Regulation S Global Note Certificate held by such Holder who is determined to be a U.S. Person and if the Holder does not comply with such demand within thirty (30) days thereof, the Issuer may sell such Holder's interest in the Regulation S Global Note Certificate.

Transfers of interests in the Regulation S Global Note Certificates are subject to certain additional restrictions. In particular, each transferee of an interest in a Regulation S Global Note Certificate will also

be deemed to have made certain additional acknowledgments, representations and warranties as provided in the Trust Deed. See “*Purchase and Transfer Restrictions*”.

Amendments to Conditions

In addition, the Global Note Certificates will contain provisions which modify the Conditions of the Notes as they apply to the Global Note Certificates. The following is a summary of certain of those provisions:

Payments: Payments of principal and interest in respect of Notes represented by a Global Note Certificate will be made against presentation for endorsement and, if no further payment falls to be made in respect of the relevant Notes, surrender of such Global Note Certificates to or to the order of the Registrar or such other Transfer Agent as shall have been notified to the relevant Noteholders for such purpose. A record of each payment so made will be endorsed in the appropriate schedule to the relevant Global Note Certificate, which endorsement will be prima facie evidence that such payment has been made in respect of the relevant Global Note Certificates. See also “*Book-Entry Clearance Procedures*”.

Notices: Notwithstanding Condition 15 (*Notices to Noteholders*) of the Notes, while all the Notes are represented by Global Note Certificates which are deposited with the Common Depositary or, as the case may be, deposited with the DTC Custodian, as custodian for DTC and registered in the name of Cede, as nominee of DTC, notices to Noteholders may be given by delivery of the relevant notice to Euroclear and/or Clearstream, Luxembourg or DTC (as applicable) rather than by publication in accordance with Condition 15 (*Notices to Noteholders*) of the Notes, for so long as the Notes are listed on the London Stock Exchange, and the rules of the London Stock Exchange so permit. Such notices shall be deemed to have been given to the Noteholders in accordance with Condition 15 (*Notices to Noteholders*) of the Notes on the date of delivery to Euroclear and Clearstream, Luxembourg or DTC (as applicable).

Meetings: The holder of a Global Note Certificate will be deemed to be two (2) persons for the purpose of forming a quorum at a meeting of Noteholders.

Purchase and Cancellation: For so long as any Notes are represented by a Global Note Certificate, such Notes will be transferable in accordance with the rules and procedures for the time being of Euroclear or Clearstream, Luxembourg or DTC, as appropriate.

Exchange for Individual Note Certificates

Exchange

Each Rule 144A Global Note Certificate will be exchangeable, free of charge to the holder, on or after its Individual Exchange Date (as defined below), in whole but not in part, for certificates in individual certificate form (“**Rule 144A Individual Note Certificates**”) and each Regulation S Global Note Certificate will be exchangeable, free of charge to the holder, on or after its Individual Exchange Date (as defined below), in whole but not in part, for certificates in individual certificate form (“**Regulation S Individual Note Certificates**”):

- (a) if a Global Note Certificate is held (directly or indirectly) on behalf of Euroclear and/or Clearstream, Luxembourg or an alternative clearing system and any such clearing system is closed for business for a continuous period of fourteen (14) days (other than by reason of holiday, statutory or otherwise) or announces that it is permanently to cease business or does in fact do so; or
- (b) if the Global Note Certificate is held on behalf of DTC, DTC notifies the DTC Custodian that it is unwilling or unable to continue as depositary for the Global Note Certificates or DTC ceases to be a “clearing agency” registered under the Exchange Act, and a successor depositary or clearing agency is not appointed by the DTC Custodian within ninety (90) days after receiving such notice; or
- (c) if the Issuer or any Paying Agent or any other person is or will be required to make any withholding or deduction from any payment in respect of the Notes for or on account of any present or future taxes, duties, assessments or governmental charges of whatever nature or the Issuer suffers or will suffer any other disadvantage as a result of such change, which withholding or deduction would not be required or other disadvantage would not be suffered (as the case may be) if the Notes were in individual certificate form.

The Registrar will not register the transfer of, or exchange of interests in, a Global Note Certificate for Individual Note Certificates for a period of 15 calendar days ending on the date for any payment of principal or interest in respect of the Notes.

If only one of the Global Note Certificates (the “**Exchanged Global Note Certificate**”) becomes exchangeable for Individual Note Certificates in accordance with the above paragraphs, transfers of Notes may not take place between, on the one hand, persons holding Individual Note Certificates issued in exchange for beneficial interests in the Exchanged Global Note Certificate and, on the other hand, persons wishing to purchase beneficial interests in the other Global Note Certificate.

“**Individual Exchange Date**” means a day falling not less than thirty days after that on which the notice requiring exchange is given and on which banks are open for business in the city in which the specified office of the Registrar and any Transfer Agent is located.

Delivery

In such circumstances, the relevant Global Note Certificate shall be exchanged in full for Individual Note Certificates and the Issuer will, at the cost of the Issuer (but against such indemnity as the Registrar or any relevant Transfer Agent may require in respect of any tax or other duty of whatever nature which may be levied or imposed in connection with such exchange), cause sufficient Individual Note Certificates to be executed and delivered to the Registrar for completion, authentication and dispatch to the relevant Noteholders. A person having an interest in a Global Note Certificate must provide the Registrar with (a) a written order containing instructions and such other information as the Issuer and the Registrar may require to complete, execute and deliver such Individual Note Certificates and (b) in the case of the Rule 144A Global Note Certificate only, a fully completed, signed certification substantially to the effect that the exchanging holder is not transferring its interest at the time of such exchange or, in the case of simultaneous sale pursuant to Rule 144A, a certification that the transfer is being made in compliance with the provisions of Rule 144A to a purchaser that the transferor reasonably believes to be a QIB that is a QP. Individual Note Certificates issued in exchange for a beneficial interest in the Rule 144A Global Note Certificate shall bear the legends applicable to transfers pursuant to Rule 144A, as set out under “*Purchase and Transfer Restrictions*”.

Legends and Transfers

The holder of an Individual Note Certificate may transfer the Notes represented thereby in whole or in part in the applicable Minimum Denomination by surrendering it at the specified office of the Registrar or any Transfer Agent, together with the completed form of transfer thereon. Upon the transfer, exchange or replacement of an Individual Note Certificate bearing the legend referred to under “*Purchase and Transfer Restrictions*”, or upon specific request for removal of the legend on an Individual Note Certificate, the Issuer will deliver only Individual Note Certificates that bear such legend, or will refuse to remove such legend, as the case may be, unless there is delivered to the Issuer and the Registrar such satisfactory evidence, which may include an opinion of counsel, as may reasonably be required by the Issuer that neither the legend nor the restrictions on transfer set out therein are required to ensure compliance with the provisions of the Securities Act and the Investment Company Act.

Individual Note Certificates for the Rule 144A Notes will bear the same legend as the legend for the Rule 144A Global Note Certificates for such as set out under “*Purchase and Transfer Restrictions*”. The Rule 144A Individual Note Certificates may not at any time be held by or on behalf of U.S. Persons that are not QIBs that are QPs. Before any Rule 144A Individual Note Certificate may be offered, resold, pledged or otherwise transferred to a person who takes delivery in the form of a Regulation S Individual Note Certificate, the transferor and/or transferee, as applicable, will be required to provide the Issuer and the Registrar with a written certification substantially in the form set out in the Agency Agreement.

Individual Note Certificates for the Regulation S Notes will bear the same legend as the legend for the Regulation S Global Note Certificates for such as set out under “*Purchase and Transfer Restrictions*”. Before any Regulation S Individual Note Certificate may be offered, resold, pledged or otherwise transferred to a person who takes delivery in the form of a Rule 144A Individual Note Certificate, the transferor and/or transferee, as applicable, will be required to provide the Registrar with a written certification substantially in the form set out in the Agency Agreement.

BOOK-ENTRY CLEARANCE PROCEDURES

The information set out below has been obtained from the Clearing Systems (as defined herein) and the Issuer believes that such sources are reliable, but prospective investors are advised to make their own enquiries as to such procedures. The Issuer accepts responsibility for the accurate reproduction of such information from public information published by the Clearing Systems (as defined below) and as far as the Issuer is aware and is able to ascertain from information published by the Clearing Systems, no facts have been omitted which would render the reproduced information inaccurate or misleading. In particular, such information is subject to any change in or reinterpretation of the rules, regulations and procedures of DTC, Euroclear or Clearstream, Luxembourg (together, the “Clearing Systems”) currently in effect and investors wishing to use the facilities of any of the Clearing Systems are therefore advised to confirm the continued applicability of the rules, regulations and procedures of the relevant Clearing System. None of HSBC, the Issuer, the Trustee, any Paying Agent or the Swap Counterparty (or any affiliate of any of the above, or any person by whom any of the above is controlled for the purposes of the Securities Act), will have any responsibility for the performance by the Clearing Systems or their respective direct or indirect participants or accountholders of their respective obligations under the rules and procedures governing their operations or for the sufficiency for any purpose of the arrangements described below.

Euroclear, Clearstream, Luxembourg and DTC

Custodial and depositary links have been established between Euroclear and Clearstream, Luxembourg and DTC to facilitate the initial issue of the Notes and cross-market transfers of the Notes associated with secondary market trading. See “Settlement and Transfer of Notes” below.

Euroclear and Clearstream, Luxembourg

Euroclear and Clearstream, Luxembourg each hold securities for their customers and facilitate the clearance and settlement of securities transactions through electronic book-entry transfer between their respective accountholders. Indirect access to Euroclear and Clearstream, Luxembourg is available to other institutions which clear through or maintain a custodial relationship with an accountholder of either system. Euroclear and Clearstream, Luxembourg provide various services including safekeeping, administration, clearance and settlement of internationally-traded securities and securities lending and borrowing. Euroclear and Clearstream, Luxembourg also deal with domestic securities markets in several countries through established depositary and custodial relationships. Euroclear and Clearstream, Luxembourg have established an electronic bridge between their two systems across which their respective customers may settle trades with each other. Their customers are worldwide financial institutions including underwriters, securities brokers and dealers, banks, trust companies and clearing corporations. Investors may hold their interests in such Global Note Certificates directly through Euroclear or Clearstream, Luxembourg if they are accountholders (“**Direct Participants**”) or indirectly (“**Indirect Participants**”) and together with Direct Participants, “**Participants**”) through organisations which are accountholders therein.

DTC

DTC is a limited purpose trust company organised under the New York Banking Law, a “banking organisation” within the meaning of the New York Banking Law, a member of the U.S. Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code and a “clearing agency” registered pursuant to the provisions of Section 17A of the Exchange Act. DTC was created to hold securities for its participants (“**Direct Participants**”) and to facilitate the clearance and settlement of securities transactions between its Direct Participants through electronic computerised book-entry changes in accounts of Direct Participants, thereby eliminating the need for physical movement of certificates. Direct Participants include securities brokers and dealers, banks, trust companies, clearing corporations and certain other organisations. Indirect access to DTC is available to others such as securities brokers, dealers, banks, trust companies and clearing corporations, that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“**Indirect Participants**”) and together with Direct Participants, “**Participants**”).

DTC has advised the Issuer that it will take any action permitted to be taken by a holder of Notes (including, without limitation, the presentation of Certificates for exchange as described under “*Form of the Notes – Exchange for Individual Note Certificates*” above) only at the direction of one or more participants in whose accounts with DTC interests in Global Note Certificates are credited and only in

respect of such portion of the aggregate principal amount of the relevant Global Note Certificates as to which such participant or participants has or have given such direction. However, in the circumstances described under “*Form of the Notes – Exchange for Individual Note Certificates*” above, DTC will surrender the relevant Rule 144A Global Note Certificates for exchange for Individual Note Certificates (which will bear the legend applicable to transfers pursuant to Rule 144A or Reg S (as applicable)).

Book-Entry Ownership

Euroclear and Clearstream, Luxembourg

Each Regulation S Global Note Certificate will have an ISIN and a Common Code and will be deposited with HSBC as Common Depository acting through its offices at 8 Canada Square, London E14 5HQ.

DTC

Each Rule 144A Global Note Certificate will have an ISIN and CUSIP number and will be deposited with the DTC Custodian as custodian for, and registered in the name of Cede as nominee of, DTC. The DTC Custodian and DTC will electronically record the principal amount of the Notes held within DTC.

Payments and Relationship of Participants with Clearing Systems

Each of the persons shown in the records of Euroclear, Clearstream, Luxembourg or DTC as the holder of a Note represented by a Global Note Certificate must look solely to Euroclear, Clearstream, Luxembourg or DTC (as the case may be) for his share of each payment made by the Issuer to the holder of such Global Note Certificate (save in the case of payments other than in US dollars outside DTC, as referred to below) and in relation to all other rights arising under the Global Note Certificate, subject to and in accordance with the respective rules and procedures of Euroclear, Clearstream, Luxembourg or DTC (as the case may be).

The Issuer expects that, upon receipt of any payment in respect of Notes represented by a Global Note Certificate, the depository by whom such Note is held, or nominee in whose name it is registered, will (save as provided below in respect of the Rule 144A Global Note Certificates) immediately credit the relevant participants’ or accountholders’ accounts in the relevant Clearing System with payments in amounts proportionate to their respective beneficial interests in the principal amount of the relevant Global Note Certificate as shown on the records of the relevant clearing system or its nominee. The Issuer also expects that payments by Direct Participants in any Clearing System to owners of beneficial interests in any Global Note Certificate held through such Direct Participants in any clearing system will be governed by standing instructions and customary practices.

Save as aforesaid, such persons shall have no claim directly against the Issuer in respect of payments due on the Notes for so long as the Notes are represented by such Global Note Certificate and the obligations of the Issuer will be discharged by payment to the registered holder, as the case may be, of such Global Note Certificate in respect of each amount so paid. None of HSBC, the Issuer, the Trustee, any Paying Agent, the Swap Counterparty or the Corporate Services Provider will have any responsibility or liability for any aspect of the records relating to or payments made on account of ownership interests in any Global Note Certificate or for maintaining, supervising or reviewing any records relating to such ownership interests.

Denomination of Payments

DTC is unable to accept payments denominated in sterling or euro in respect of the Notes. Accordingly, holders of beneficial interests in A1 Rule 144A Global Note Certificates and A2 Rule 144A Global Note Certificates must notify the DTC Custodian not less than fifteen (15) days prior to each Interest Payment Date (i) that they wish to be paid in sterling or euro (as applicable) and (ii) of the relevant bank account details into which such sterling or euro (as applicable) payments are to be made.

If such instructions are not received by the DTC Custodian, the Exchange Agent will exchange the relevant sterling or euro (as applicable) amounts into US dollars at the highest exchange rate quoted by three (3) foreign exchange dealers (which may include the Exchange Agent) in London chosen by the Exchange Agent and the relevant holders of beneficial interests will receive the US dollar equivalent of such sterling or euro (as applicable) payment converted at such exchange rate. Upon written request by a holder of a beneficial interest in an A1 Rule 144A Global Note Certificates or A2 Rule 144A Global

Note Certificates (as applicable), the Exchange Agent will provide information regarding the exchange rate (and any relevant commission) with respect to any of the amounts converted into US dollars. It is understood that all currency exchange costs will be borne by the holders of the Book-Entry Interests who have elected not to receive payments in US dollars in respect of the A1 Notes or A2 Notes (as applicable) in accordance with the rules and procedures of DTC and will be deducted by the Exchange Agent from funds transmitted to, or in accordance with the instructions of, the DTC Custodian pursuant to the Agency Agreement. The Issuer has agreed in the Agency Agreement to indemnify the Exchange Agent in connection with its activities thereunder.

Settlement and Transfer of Notes

Subject to the rules and procedures of each applicable Clearing System, purchases of Notes held within a Clearing System must be made by or through Direct Participants, which will receive a credit for such Notes on the Clearing System's records. The ownership interest of each actual purchaser of each such Note (the "**Beneficial Owner**") will in turn be recorded on the Direct and Indirect Participant's records. Beneficial Owners will not receive written confirmation from any Clearing System of their purchase, but Beneficial Owners are expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which such Beneficial Owner entered into the transaction. Transfers of ownership interests in Notes held within the Clearing System will be effected by entries made on the books of Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in such Notes, unless and until interests in any Global Note Certificate held within a Clearing System are exchanged for Individual Note Certificates.

No Clearing System has knowledge of the actual Beneficial Owners of the Notes held within such Clearing System and their records will reflect only the identity of the Direct Participants to whose accounts such Notes are credited, which may or may not be the Beneficial Owners. The Participants will remain responsible for keeping account of their holdings on behalf of their customers. Conveyance of notices and other communications by the Clearing Systems to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

The laws of some states in the United States require that certain persons take physical delivery in definitive form of securities. Consequently, the ability to transfer interests in a Global Note Certificate to such persons may be limited. Because DTC can only act on behalf of Direct Participants, who in turn act on behalf of Indirect Participants, the ability of a person having an interest in a Global Note Certificate to pledge such interest to persons or entities that do not participate in DTC, or otherwise take actions in respect of such interest, may be affected by a lack of a physical certificate in respect of such interest.

Trading between Euroclear and/or Clearstream, Luxembourg Participants

Secondary market sales of Book-Entry Interests in the Notes held through Euroclear or Clearstream, Luxembourg to purchasers of Book-Entry Interests in the Notes held through Euroclear or Clearstream, Luxembourg will be conducted in accordance with the normal rules and operating procedures of Euroclear and Clearstream, Luxembourg and will be settled using the procedures applicable to conventional sterling-denominated bonds, euro-denominated bonds and US dollar-denominated bonds.

Trading between DTC Participants

Secondary market sales of Book-Entry Interests in the Notes between DTC Participants will occur in the ordinary way in accordance with DTC rules and will be settled using the procedures applicable to United States corporate debt obligations in DTC's Same-Day Funds Settlement system in same-day funds, if payment is effected in US dollars, or free of payment, if payment is not effected in US dollars. Where payment is not effected in US dollars, separate payment arrangements outside DTC are required to be made between the DTC Participants.

Trading between DTC seller and Euroclear/Clearstream, Luxembourg purchaser

When book-entry interests in Notes are to be transferred from the account of a DTC Participant holding a beneficial interest in a Global Note Certificate to the account of a Euroclear or Clearstream, Luxembourg account holder wishing to purchase a beneficial interest in that Global Note Certificate

(subject to the certification procedures provided in the Agency Agreement), the DTC Participant will deliver instructions for delivery to the relevant Euroclear or Clearstream, Luxembourg accountholder to DTC by 12 noon, New York time, on the settlement date. Separate payment arrangements are required to be made between the DTC Participant and the relevant Euroclear or Clearstream, Luxembourg Participant. On the settlement date, the custodian of the Global Note Certificate will instruct the Registrar to (i) decrease the amount of Notes registered in the name of Cede, and evidenced by the relevant Global Note Certificate and (ii) increase the amount of Notes registered in the name of the nominee of the Common Depository and evidenced by the relevant Global Note Certificate. Book-entry interests will be delivered free of payment to Euroclear or Clearstream, Luxembourg, as the case may be, for credit to the relevant accountholder on the first Business Day following the settlement date.

Trading between Euroclear/Clearstream, Luxembourg seller and DTC purchaser

When book-entry interests in the Notes are to be transferred from the account of a Euroclear or Clearstream, Luxembourg accountholder to the account of a DTC Participant wishing to purchase a beneficial interest in a Global Note Certificate (subject to the certification procedures provided in the Issuer Note Trust Deed), the Euroclear or Clearstream, Luxembourg participant must send to Euroclear or Clearstream, Luxembourg delivery free of payment instructions by 7.45 p.m., Brussels or Luxembourg time, one Business Day prior to the settlement date. Euroclear or Clearstream, Luxembourg, as the case may be, will in turn transmit appropriate instructions to the Common Depository and the Registrar to arrange delivery to the DTC Participant on the settlement date. Separate payment arrangements are required to be made between the DTC Participant and the relevant Euroclear or Clearstream, Luxembourg accountholder, as the case may be. On the settlement date, the common depository for Euroclear and Clearstream, Luxembourg will (a) transmit appropriate instructions to the custodian of the Global Note Certificate who will in turn deliver evidence of such book-entry interests in the Notes free of payment to the relevant account of the DTC Participant and (b) instruct the Registrar to (i) decrease the amount of Notes registered in the name of the nominee of the Common Depository and evidenced by the relevant Global Note Certificate and (ii) increase the amount of Notes registered in the name of Cede and evidenced by the relevant Global Note Certificate.

Although DTC, Clearstream, Luxembourg and Euroclear have agreed to the foregoing procedures in order to facilitate transfers of beneficial interests in Global Note Certificates among Participants and accountholders of DTC, Clearstream, Luxembourg and Euroclear, they are under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued at any time. None of HSBC, the Issuer, the Trustee, any Paying Agent, the Swap Counterparty or the Corporate Services Provider will have any responsibility for the performance by DTC, Clearstream, Luxembourg or Euroclear or their respective Direct Participant or Indirect Participants of their respective obligations under the rules and procedures governing their operations.

Any purported transfer of a Note not in accordance with the Trust Deed will be null and void ab initio and will not be given effect for any purpose whatsoever; provided, however, without prejudice to the rights of the Issuer against any beneficial owner or purported beneficial owner of Notes, nothing in the Trust Deed or the Notes will be interpreted to confer on the Issuer, the Trustee or any Paying Agent any right against Euroclear, Clearstream, Luxembourg or DTC to require that Euroclear, Clearstream, Luxembourg or DTC, as applicable, reverse or rescind any trade completed in accordance with its rules.

Pre-issue Trades Settlement

It is expected that delivery of Notes will be made against payment therefor on the Closing Date, which could be more than three Business Days following the date of pricing. Under Rule 15c6-1 under the Exchange Act, trades in the United States secondary market generally are required to settle within three Business Days (T+3), unless the parties to any such trade expressly agree otherwise. Accordingly, purchasers who wish to trade Notes in the United States on the date of pricing or the next succeeding Business Days until three days prior to the Closing Date will be required, by virtue of the fact the Notes initially will settle beyond T+3, to specify an alternate settlement cycle at the time of any such trade to prevent a failed settlement. Settlement procedures in other countries will vary. Purchasers of Notes may be affected by such local settlement practices and purchasers of Notes who wish to trade Notes between the date of pricing and the Closing Date should consult their own adviser.

UNITED KINGDOM TAXATION

The following is a summary of the Issuer's understanding of current law and practice in the United Kingdom relating to certain aspects of the taxation of the Notes. It is not intended to be, and should not be construed as, tax advice. Some aspects of the summary do not apply to certain classes of taxpayer (such as dealers). Prospective Noteholders should seek their own professional advice. This summary does not take into consideration any United Kingdom tax implications of a substitution of the Issuer.

The following is a general summary of certain of the anticipated UK tax consequences of the purchase, ownership and disposal of the Notes. It does not purport to be a comprehensive description of all the tax considerations that may be relevant to a prospective holder of the Notes.

The statements regarding UK tax law and practices set out below, are based on those laws as in force and as applied in practice as at the date of this prospectus and are subject to changes therein (possibly with retrospective effect).

This summary relates only to the position of persons who are the absolute beneficial owners of their Notes and does not address the tax consequences to (i) investors that do not hold their Notes as capital assets, or (ii) special classes of investor such as dealers in securities.

References below to “**Qualifying Companies**” are to companies within the charge to UK corporation tax, and references to “**Relevant Noteholders**” are to Noteholders who are individuals, trustees or companies not within the charge to UK corporation tax.

Prospective investors are advised to consult their tax advisers as to the United Kingdom or other tax consequences of the purchase, ownership or disposal of Notes, including the effect of any local tax laws.

A. Payment of Interest on the Notes

The following is a summary of the United Kingdom withholding taxation treatment at the date hereof in relation to payments of interest in respect of the Notes.

- (a) The Notes will constitute “**quoted Eurobonds**” provided that they carry a right to interest and are and continue to be listed on a recognised stock exchange within the meaning of section 841 of the Income and Corporation Taxes Act 1988 (the “**Act**”) (the London Stock Exchange is currently “a recognised stock exchange” for these purposes). Whilst the Notes are and continue to be quoted Eurobonds as so defined, payments of interest on the Notes may be made without withholding or deduction for or on account of UK income tax.
- (b) In cases falling outside the exemption described in paragraph (a) above interest on the Notes will generally fall to be paid under deduction of UK income tax at the lower rate (currently 20 per cent.), subject to such relief as may be available under the provisions of any applicable double taxation treaty. However, this withholding will not apply if the relevant interest is paid on Notes with a maturity date of less than one year from the date of issue and which are not issued under arrangements the effect of which is to render such Notes part of a borrowing with a total term of one year or more. Interest on the Notes may also be paid without withholding or deduction on account of United Kingdom tax where interest on the Notes is paid to a person who belongs in the United Kingdom for United Kingdom tax purposes and, at the time the payment is made, the Issuer reasonably believes (and any person by or through whom interest on the Notes is paid reasonably believes) that the beneficial owner is within the charge to United Kingdom corporation tax as regards the payment of interest, **provided that** H.M. Revenue & Customs has not given a direction (in circumstances where it has reasonable grounds to believe that it is likely that the above exemption is not available in respect of such payment of interest at the time the payment is made) that the interest should be paid under deduction of tax.
- (c) Where interest has been paid under deduction of UK income tax (for example, if the Notes have ceased to qualify as quoted Eurobonds as described above) Noteholders who are not resident in the United Kingdom may be able to recover all or part of the tax deducted if there is an appropriate provision in an applicable double taxation treaty.

Noteholders may also be entitled to make a claim for interest on the Notes to be paid without, or subject to a reduced rate of, deduction or withholding under the provisions of an applicable double taxation treaty.

Any authority granted by H.M. Revenue & Customs to the Issuer to allow it to make payments of interest to a Noteholder of a Note without deducting tax or at a reduced rate will relate only to the

facts of the application made by that Noteholder. The authority may cease to apply if the circumstances of the Noteholder or the nature of the Notes are altered.

- (d) Noteholders who are individuals should note that where any interest on Notes is paid to them, or to any person acting on their behalf, by the Issuer or any person in the United Kingdom acting on behalf of the Issuer, called a “paying agent”, or is received by any person in the United Kingdom acting on behalf of the relevant holder, other than solely by clearing or arranging the clearing of a cheque, called a “collecting agent”, then the Issuer, the paying agent or the collecting agent as the case may be, may in certain circumstances be required to supply to H.M. Revenue & Customs details of the payment and certain details relating to the holder, including the holder’s name and address. These provisions will apply whether or not the interest has been paid subject to withholding or deduction for or on account of United Kingdom income tax and whether or not the holder is resident in the United Kingdom for United Kingdom taxation purposes. Where the holder is not so resident, the details provided to H.M. Revenue & Customs, in certain cases, may be passed by H.M. Revenue & Customs to the tax authorities of the jurisdiction in which the holder is resident for taxation purposes.

B. Ownership and Disposal (including redemption) of the Notes

Qualifying Companies

Generally, Qualifying Companies will be subject to tax on all returns, profits or gains on, and fluctuations in value of, the Notes (whether attributable to currency fluctuations or otherwise) broadly in accordance with their statutory accounting treatment. Such Noteholders will generally be charged in each accounting period by reference to interest and discount (if any) accrued in that period.

Noteholders that are authorised unit trusts or open ended investment companies will be subject to the same taxation treatment in respect of the Notes as other Noteholders that are within the charge to United Kingdom corporation tax, other than, in each case, with respect to profits and losses of a capital nature in respect of these Notes.

Relevant Noteholders

Accrued Income Scheme

On a transfer of a Note, a Relevant Noteholder who is resident or ordinarily resident in the United Kingdom or carries on a trade in the United Kingdom through a branch or agency to which that Note is attributable may be chargeable to United Kingdom income tax on an amount treated (by rules known as the accrued income scheme contained in Chapter II of Part XVII of the Act) as representing interest on the Note from the last interest payment date to the time of transfer.

Taxation of Chargeable Gains

A disposal of any Note which does not constitute a “qualifying corporate bond” (within the meaning of section 117 of the Taxation of Chargeable Gains Act 1992) by a Relevant Noteholder who is resident or ordinarily resident in the United Kingdom, or who carries on a trade, profession or vocation in the United Kingdom through a branch or agency to which the Notes are attributable, may give rise to a chargeable gain or allowable loss for the purposes of the taxation of chargeable gains depending on the individual circumstances of the Noteholder. In computing any such gain or loss, the consideration for the disposal of the Note will be reduced by any amount on which the Noteholder is chargeable to United Kingdom income tax on the transfer of the Note under the accrued income scheme as described above. In relation to the Notes, the Issuer has been advised that it may be arguable that the Notes do not constitute “qualifying corporate bonds” on the grounds that it is contemplated that such Notes may be converted into or redeemed in euro, but that it is considered to be the better view that those Notes constitute “qualifying corporate bonds” with the result that the disposals of those Notes by Relevant Noteholders would not be treated as giving rise to chargeable gains or allowable losses for the purposes of the taxation of chargeable gains.

C. Stamp Duty and Stamp Duty Reserve Tax

No UK stamp duty or stamp duty reserve tax will be payable on the issue or on transfer by delivery or on redemption of the Notes.

D. European Union Directive on the Taxation of Savings Income

Under EC Council Directive 2003/48/EC on the taxation of savings income, each Member State is required, from 1 July 2005, to provide to the tax authorities of another Member State details of payments of interest or other similar income paid by a person within its jurisdiction to, or secured by such a person for, an individual resident in that other Member State. However, for a transitional period, Austria, Belgium and Luxembourg are instead required (unless during that period they elect otherwise) to apply a withholding system in relation to such payments, deducting tax at rates rising over time to 35 per cent. The transitional period is to terminate at the end of the first full fiscal year following agreement relating to information exchange with certain non-EU countries.

Also with effect from 1 July 2005, a number of non-EU countries, and certain dependent or associated territories of certain Member States, have agreed to adopt similar measures. In addition, the Member States have entered into reciprocal arrangements with certain of those dependent or associated territories.

E. Other Rules Relating to United Kingdom Withholding Tax

The references to “interest” above mean “interest” as understood in United Kingdom tax law. The statements above do not take any account of any different definitions of “interest” or “principal” which may prevail under any other law or which may be created by the terms and conditions of the Notes or any related documentation.

MATERIAL UNITED STATES FEDERAL INCOME TAX CONSIDERATIONS

This discussion is not intended or written to be used, and cannot be used by any person, for the purpose of avoiding U.S. federal tax penalties, and was written to support the promotion or marketing of the transaction. Each prospective investor should seek advice based on such person's particular circumstances from an independent tax advisor.

The following is a general summary of certain of the anticipated U.S. federal income tax consequences of the acquisition, ownership and disposition of Notes by a U.S. Holder (as defined below). This summary deals only with initial purchasers of Notes that are U.S. Holders and that will hold the Notes as capital assets. The discussion does not cover all aspects of U.S. federal income taxation that may be relevant to, or the actual tax effect that any of the matters described herein will have on, the acquisition, ownership or disposition of Notes by particular investors, and does not address state, local, foreign or other tax laws.

The summary is based on the Code, its legislative history, existing and proposed Treasury regulations promulgated thereunder, published rulings and court decisions, all as currently in effect and all subject to change at any time, perhaps with retroactive effect.

Prospective investors should note that no rulings have been or will be sought from the U.S. Internal Revenue Service (the "IRS") with respect to any of the U.S. federal income tax consequences discussed below, and no assurance can be given that the IRS will not take contrary positions.

As used herein, the term "U.S. Holder" includes a beneficial owner of a Note that is, for U.S. federal income tax purposes, a citizen or individual resident of the United States of America, a corporation or other entity treated as a corporation for U.S. federal income tax purposes created or organized in or under the laws of the United States of America, any state thereof or the District of Columbia, an estate the income of which is includible in gross income for U.S. federal income tax purposes regardless of its source, or a trust if, in general, a court within the United States of America is able to exercise primary supervision over its administration and one or more United States persons (as defined in the Code) have the authority to control all substantial decisions of such trust, but excludes certain types of investors that are subject to special U.S. federal income tax rules which are not discussed herein, including but not limited to, dealers in securities or currencies, traders in securities, financial institutions, tax exempt investors, persons subject to alternative minimum tax, U.S. expatriates, insurance companies, persons that own (directly or indirectly) 10% of the voting stock of the Issuer or equity interests in a beneficial owner of Notes, U.S. Holders that purchase the Notes for a price other than the Notes' respective Issue Prices and subsequent purchasers of the Notes.

If a partnership or an entity classified as a partnership for U.S. federal income tax purposes, purchase Notes, the U.S. federal income tax treatment of a partner in such partnership will generally depend upon the status of such partner and the activities of the partnership. Prospective investors that are partnerships, and partners in such partnerships, should consult their own tax advisors to determine the U.S. federal income tax consequences to them of the purchase, ownership and disposition the Notes.

PROSPECTIVE PURCHASERS ARE URGED TO CONSULT THEIR TAX ADVISORS AS TO THE U.S. FEDERAL, STATE, LOCAL, FOREIGN AND OTHER TAX CONSEQUENCES TO THEM OF ACQUIRING, OWNING AND DISPOSING OF THE NOTES.

A. Tax Treatment of the A Notes, the B Notes, the C Notes and the D Notes

In the opinion of Clifford Chance US. LLP (business address: 31 W. 52nd Street, New York, NY 10019), Special U.S. Tax Counsel, the A Notes, the B Notes, the C Notes and the D Notes will be treated as debt for U.S. federal income tax purposes. The Issuer intends and each holder of the A Notes, the B Notes, the C Notes or the D Notes, by the acceptance of such Notes, will agree to treat such Notes as debt for U.S. federal income tax purposes. Such agreement and opinion is not binding on the IRS and, as stated above, no assurance can be given that the characterisation of the A Notes, the B Notes, the C Notes or the D Notes as debt will prevail if the issue were challenged by the IRS. The IRS might attempt to treat the A Notes, the B Notes, the C Notes or, in particular, the D Notes, as equity interests in a corporation. Treatment of the A Notes, the B Notes, the C Notes or the D Notes as equity interests could have adverse tax consequences in the case of holders of such Notes that are U.S. Holders. If any of the A Notes, the B Notes, the C Notes or the D Notes were treated as equity in, rather than debt of, the Issuer for U.S. federal income tax purposes, the U.S. Holders thereof would be subject to the treatment described below for U.S. Holders of the E Notes and the F Notes and there might be adverse tax consequences for such U.S. Holders upon sale, redemption, retirement or other disposition of, or the receipt of certain types of

distributions on, the Notes of such Class. U.S. Holders of the A Notes, the B Notes, the C Notes, the D Notes should consult with their tax advisors as to whether they should make any of the elections described below on a protective basis. The remainder of this discussion assumes that the A Notes, the B Notes, the C Notes and the D Notes are treated as debt for U.S. federal income tax purposes.

B. Payment of Interest on the A Notes, the B Notes, the C Notes and the D Notes

(a) Subject to the discussion below, U.S. Holders of the A Notes generally will include in gross income payments of stated interest received on the A Notes, in accordance with their usual method of tax accounting, as ordinary interest income from sources outside the United States.

However, if the issue price of a Note is less than such Note's "stated redemption price at maturity" by more than a *de minimis* amount, a U.S. Holder will be considered to have purchased such Note with original issue discount ("OID"). The stated redemption price at maturity of a Note will be the sum of all payments to be received on such Note other than payments of "qualified stated interest" (in general, stated interest which is unconditionally payable in money at least annually).

It is not anticipated that the A Notes will be issued with OID and the remainder of this discussion assumes this to be the case. Prospective U.S. Holders should note that, because interest on the B Notes, the C Notes and the D Notes is not unconditionally payable in money on each Interest Payment Date (and, therefore, will not be "qualified stated interest"), all of the stated interest payments on such Notes will be included in the stated redemption price at maturity of such Notes and must therefore be accrued by a U.S. Holder pursuant to the OID rules, as described below.

A U.S. Holder of a Note issued with OID will be required to accrue and include in gross income the sum of the "daily portions" of total OID on such Note under a constant yield method, as interest from sources outside the United States, for each day during the taxable year on which the U.S. Holder held such Note regardless of such U.S. Holder's usual method of tax accounting and without regard to the timing of actual payments on such Note. The Issuer intends to accrue OID attributable to the stated interest on the B Notes, the C Notes and the D Notes based on the value of Sterling LIBOR used in setting interest for the first Interest Period and then to adjust the income for each subsequent Interest Period for any difference in the actual value of Sterling LIBOR used in setting interest for that subsequent Interest Period and the assumed rate. In the absence of controlling authority, the Issuer intends to accrue any remaining discount on the B Notes, the C Notes or the D Notes (which generally will equal the excess of the Note's stated principal amount over its issue price) over the period that starts on the Closing Date and ends on the Legal Final Maturity Date based on a constant yield method.

The Issuer intends to take the position, and the foregoing discussion assumes, that the Notes will not be classified as "contingent payment debt obligations" for purposes of calculating OID. However, it is possible that the IRS will take a contrary view and seek to so classify some or all of the Notes. If the IRS were successful in so classifying the Notes, among other consequences, any gain recognized on the sale, redemption, retirement or other disposition of such Notes might be treated as ordinary income rather than as capital gain.

(b) *Interest on euro-denominated A Notes and sterling-denominated A Notes, B Notes, C Notes and D Notes.* A U.S. Holder who uses the cash method of accounting for U.S. federal income tax purposes and who receives a payment of interest on an A Note, a B Note, a C Note or a D Note (other than OID) will be required to include in income the U.S. dollar value of the foreign currency payment (determined on the date such payment is received) regardless of whether the payment is in fact converted into U.S. dollars at that time, and such U.S. dollar value will be the U.S. Holder's tax basis in such foreign currency.

The amount of interest income recognized by a U.S. Holder who is an accrual method taxpayer or a cash method taxpayer with respect to OID will be the U.S. dollar value of the interest income that has accrued or is otherwise required to be taken into account with respect to a euro-denominated A Note or sterling-denominated A Note, B Note, C Note or D Note in accordance with the constant yield method discussed above, determined in accordance with either of two methods. Under the first method, the amount of accrued interest income will be based upon the average exchange rate in effect during the interest accrual period (or, in the case of an accrual period that spans two taxable years of a U.S. Holder, the part of the period within the taxable year).

Under the second method, a U.S. Holder may elect to determine the amount of accrued interest income on the basis of the exchange rate in effect on the last day of the accrual period (or, in the case of an accrual period that spans two taxable years, the exchange rate in effect on the last day of the part of the period

within the taxable year). If the last day of an accrual period is within five Business Days of the date of receipt of the accrued interest, an electing U.S. Holder may instead translate the accrued interest into U.S. dollars at the exchange rate in effect on the day of actual receipt. Any such election will apply to all debt instruments held by the U.S. Holder at the beginning of the first taxable year to which the election applies or thereafter acquired by the U.S. Holder, and will be irrevocable without the consent of the IRS.

Upon receipt of an interest payment in euro or in sterling (including a payment attributable to accrued but unpaid interest upon the sale or retirement of a euro-denominated A Note or a sterling-denominated A Note, B Note, C Note or D Note), a U.S. Holder will recognise exchange gain or loss (which will be treated as ordinary income or loss) measured by the difference, if any, between the exchange rate used to accrue income pursuant to one of the two above methods and the exchange rate in effect on the date of receipt, regardless of whether the payment is in fact converted into U.S. dollars.

C. Sale or Retirement of the A Notes, the B Notes, the C Notes and the D Notes

In general, a U.S. Holder will have a basis in an A Note, a B Note, a C Note or a D Note equal to the cost of such Note to such U.S. Holder, increased by any amount includible in income by such U.S. Holder as OID and reduced by any payments thereon other than payments of stated interest. Upon a sale or exchange of an A Note, a B Note, a C Note or a D Note, a U.S. Holder generally will recognise gain or loss equal to the difference between the amount realised (less any accrued interest or market discount, which would be taxable as such) and the U.S. Holder's basis in such Note. Such gain or loss will be a long-term capital gain or loss if the U.S. Holder has held such Note for more than one year at the time of disposition, except to the extent such gain or loss is attributable to fluctuation in currency exchange rates. Gain or loss attributable to fluctuations in currency exchange rates will equal the difference between the U.S. dollar value of the foreign currency principal amount of the Note, determined on the date such payment is received or the Note is disposed of, and the U.S. dollar value of the foreign currency principal amount of the Note as determined on the date the U.S. Holder acquired the Note. Any such gain or loss will be taxable as ordinary income or loss and will not be treated as interest income or expense. Such foreign currency gain or loss will be recognised only to the extent of the total gain or loss realised by the U.S. Holder on the sale or exchange of the Note.

D. Tax Treatment of the E Notes and the F Notes

(a) The E Notes and the F Notes are in the form of debt and are treated as debt under the laws of England and Wales. However, due to the thin level of subordination and other factors, a strong likelihood exists that the E Notes and the F Notes will be treated as equity of the issuer for U.S. federal income tax purposes. The Issuer intends to treat the E Notes and the F Notes as equity in the Issuer for such purposes and each U.S. Holder and beneficial owner of a E Note and an F Note, by acceptance of such Note or a beneficial interest therein, will agree to such treatment.

(b) *Investment in a Passive Foreign Investment Company.* A U.S. Holder of Notes which are deemed to be equity interests in the Issuer for U.S. federal income tax purposes would be subject to special tax rules with respect to such Notes because the Issuer would be classified as a "passive foreign investment company" ("**PFIC**"). In particular, a U.S. Holder would be subject to special rules with respect to (i) any gain realised on the sale or other disposition of its Notes or deemed realised on a direct or indirect pledge (including pursuant to a margin account) of the Notes to secure an obligation of the U.S. Holder or (ii) any "excess distribution" (generally, the aggregate amount of interest payments and return of capital distributions) received by the U.S. Holder on such Notes during its taxable year that exceeds 125 per cent. of the average annual amount of such distributions received during the three preceding taxable years or, if shorter, the U.S. Holder's holding period for such Notes (calculated for this purpose by annualising interest received during any holding period of less than one year). Under these rules, (a) the gain or excess distribution would be allocated rateably over the U.S. Holder's holding period for such Notes, (b) the amount allocated to the taxable year in which the gain or excess distribution was realised would be taxable as ordinary income, (c) the amount allocated to each prior year, with certain exceptions, would be subject to tax at the highest tax rate in effect for that prior year and (d) the interest charge generally applicable to underpayments of tax would be imposed in respect of the tax allocable to each prior year. A U.S. Holder would be required to make an annual return on IRS Form 8621 with respect to any Notes treated as equity interests in the Issuer.

Prospective investors should consult their own tax advisors as to the consequences to them of the potential application of the PFIC rules and in particular the availability to them and effect on them of

certain elections with respect to Notes that are deemed to be equity in a PFIC that could modify such consequences, including (i) the “qualified electing fund” (“**QEF**”) election to include in income currently the U.S. Holder’s pro rata share of the Issuer’s earnings and net capital gain and (ii) the mark-to-market election. Although the Issuer intends to make available to U.S. Holders such information and records as may be required in order to enable U.S. Holders to treat the Issuer as a qualified electing fund, there can be no assurance that either the mark-to-market election or the qualified electing fund election will be available to U.S. Holders.

(c) *Investment in a Controlled Foreign Corporation.* In addition, the Issuer could be treated as a “controlled foreign corporation” (“**CFC**”) if more than 50% of its shares, by vote or value (including any Notes treated as equity), are owned by United States persons that each own 10 per cent. or more of the combined voting power of the Issuer (each such United States person, a “**U.S. Shareholder**”). If the Issuer were to constitute a CFC, it is expected that substantially all of its income would be “subpart F” income and, therefore, would be currently includible in the income of such U.S. Shareholders. In addition, income that would otherwise be characterised as capital gain on the sale of the Issuer’s stock might be recharacterised in whole or in part as ordinary dividend income. Prospective investors should consult their own tax advisers as to the consequences to them of the potential application of the CFC rules.

(d) A U.S. Holder that makes a QEF election or that recognizes subpart F income in respect of the Notes will recognize the taxable amount of the Issuer’s earnings as determined in the functional currency of the Issuer and translated into U.S. dollars by the average exchange rate for the taxable year of the Issuer. A U.S. Holder that has paid tax on the undistributed earnings of the Issuer pursuant to a QEF election or a subpart F inclusion shall receive distributions from the Issuer tax free up to the amount of the previously taxed earnings. The tax free amount is determined in the functional currency of the Issuer and is translated into dollars at the spot exchange rate on the date of distribution. Differences between the amount taxed and the amount distributed that result from fluctuations in the exchange rate are taxable as ordinary income or loss from the same sources as the associated income inclusion.

E. Payment of Interest on the E Notes and the F Notes

(a) The treatment of actual distributions of cash on the U.S. dollar-denominated E Notes and the F Notes, in very general terms, will vary depending on whether a U.S. Holder has made a timely QEF election as described above and whether the U.S. Holder is a U.S. Shareholder of a CFC. If a timely QEF election has been made, distributions should be allocated first to amounts previously taxed pursuant to the QEF election (or pursuant to the CFC rules, if applicable) and to this extent will not be taxable to U.S. Holders. Distributions in excess of previously taxed amounts pursuant to a QEF election (or pursuant to the CFC rules, if applicable) will be treated first as a nontaxable reduction to the U.S. Holder’s tax basis for the E Notes and the F Notes to the extent thereof and then as capital gain.

(b) In the event that a U.S. Holder does not make a timely QEF election, then except to the extent that distributions may be attributable to amounts previously taxed pursuant to the CFC rules, some or all of any distributions with respect to the E Notes and the F Notes may constitute “excess distributions”, taxable as previously described. See “– *Investment in a Passive Foreign Investment Company*”. In that event, except to the extent that distributions may be attributable to amounts previously taxed to the U.S. Holder pursuant to the CFC rules or are treated as “excess distributions,” distributions on the E Notes and the F Notes generally would be treated as dividends to the extent paid out of the Issuer’s current or accumulated earnings and profits not allocated to any “excess distributions,” then as a nontaxable reduction to the U.S. Holder’s tax basis for the E Notes and the F Notes to the extent thereof and then as capital gain. Dividends received from a foreign corporation generally will be treated as income from sources outside the United States for U.S. federal foreign tax credit purposes. However, if U.S. Holders collectively own (directly or constructively) 50% or more (measured by vote or value) of the E Notes and the F Notes, a percentage of the dividend income equal to the proportion of the Issuer’s income from sources within the United States generally will be treated as income from sources within the United States for such purposes.

(c) Distributions paid in euro or in sterling will be translated into a U.S. dollar amount at the spot rate of exchange in effect on the date of receipt whether or not the payment is converted into U.S. dollars at that time. A U.S. Holder will recognize exchange gain or loss with respect to previously taxed amounts attributable to movements in exchange rates between the times of the deemed distributions and the actual distributions, and any such exchange gain or loss will be treated as ordinary income from the same source as the associated income inclusion. The tax basis of the euro or sterling received by the U.S. Holder generally will equal the U.S. dollar value of the sterling determined at the spot rate of exchange in effect

on the date the euro or sterling is received, regardless of whether the payment is converted to U.S. dollars at that time. Any gain or loss recognized on a subsequent conversion of euro or sterling for U.S. dollars, in an amount equal to the U.S. dollars received and the U.S. Holders tax basis in euro or sterling, generally will be U.S. source ordinary income or loss.

F. Disposition of the E Notes and the F Notes

(a) In general, a U.S. Holder of a U.S. dollar-denominated E Note or F Note will recognize gain or loss upon the sale, exchange, redemption or other taxable disposition of the E Note or the F Note equal to the difference between the amount realized and such U.S. Holder's adjusted tax basis in the E Note or the F Note. Except as discussed below, such gain or loss will be long-term capital gain or loss if the U.S. Holder held the E Note or the F Note for more than one year at the time of the disposition. In certain circumstances, U.S. Holders who are individuals (or whose income is taxable to U.S. individuals) may be entitled to preferential treatment for net long-term capital gains; however, the ability of U.S. Holders to offset capital losses against ordinary income is limited. Gain recognized by a U.S. Holder on the sale or other disposition of a E Note or an F Note (other than, in the case of a U.S. Holder treated as a U.S. Shareholder, any such gain characterized as a dividend, as discussed below) generally will be treated as from sources within the United States for U.S. federal foreign tax credit purposes and loss so recognized generally will offset income from sources within the United States. Initially, a U.S. Holder's tax basis for a E Note or F Note will equal the amount paid for such E Note or F Note. Such basis will be increased by amounts taxable to such U.S. Holder under the QEF or CFC regimes, as applicable, and decreased by actual distributions from the Issuer that are deemed to consist of such previously taxed amounts or are treated as a nontaxable reduction to the U.S. Holder's tax basis for the E Note or the F Note (as described above).

(b) In general, a U.S. Holder of a sterling-denominated or euro-denominated E Note or F Note will recognize U.S. source ordinary income or loss in an amount equal to the difference (if any) between the U.S. dollar fair market value of euro or sterling used to purchase the E Notes or the F Notes determined at the spot rate of exchange in effect on the date of purchase of the E Notes or the F Notes and such U.S. Holder's tax basis in euro or sterling. In general, a U.S. Holder of a E Note or an F Note will recognize a gain or loss upon the sale, exchange, redemption, retirement or other taxable disposition of a E Note or an F Note equal to the difference between the amount realized and such U.S. Holder's adjusted tax basis in the E Note or the F Note. Except as discussed below, such gain or loss will be a capital gain or loss and will be a long-term capital gain or loss if the U.S. Holder held the E Notes or the F Notes for more than one year at the time of the disposition. In certain circumstances, U.S. Holders who are individuals may be entitled to preferential treatment for net long-term capital gains; however, the ability of U.S. Holders to offset capital losses against ordinary income is limited. Any gain or recognized by a U.S. Holder on the sale, exchange, redemption, retirement or other taxable disposition of a E Note or an F Note (other than, in the case of a U.S. Holder treated as a "U.S. Shareholder", any such gain characterized as a dividend, as discussed below) generally will be treated as from sources within the United States.

(c) If a U.S. Holder does not make a timely QEF election as described above, any gain realized on the sale, exchange, redemption or other taxable disposition an F Note or an F Note, other than gain constituting an excess distribution under the PFIC rules, if applicable, (or any gain deemed to accrue prior to the time a non-timely QEF election is made) will be taxed as ordinary income and subject to an additional tax reflecting a deemed interest charge under the special tax rules applicable to an "excess distribution" from a PFIC described above. See "*Investment in a Passive Foreign Investment Company*".

(d) If the Issuer were treated as a CFC and a U.S. Holder were treated as a U.S. Shareholder therein, then any gain realized by such U.S. Holder upon the disposition of the E Note or the F Note would be treated as ordinary income to the extent of the U.S. Holder's share of the current or accumulated earnings and profits of the Issuer. In this regard, earnings and profits would not include any amounts previously taxed pursuant to a timely QEF election or pursuant to the CFC rules.

G. Transfer Reporting Requirements

A U.S. Person (including a tax-exempt entity) that purchases the E Notes or the F Notes (or any other Notes, if such Notes are treated as equity for U.S. federal income tax purposes) for cash will be required to file a Form 926 or similar form with the IRS if (i) such person owned, directly or by attribution, immediately after the transfer at least 10% by vote or value of the Issuer or (ii) if the transfer, when

aggregated with all transfers made by such person (or any related person) within the preceding 12 month period, exceeds U.S.\$100,000. In the event a U.S. Holder fails to file any such required form, the U.S. Holder could be required to pay a penalty equal to 10% of the gross amount paid for such Notes (subject to a maximum penalty of U.S.\$100,000, except in cases involving intentional disregard). U.S. persons should consult their tax advisors with respect to this or any other reporting requirement which may apply with respect to their acquisition of the Notes.

H. Backup Withholding and Information Reporting

Payments of principal, interest and OID on, and the proceeds of sale or other disposition of, the Notes payable to a U.S. Holder by a U.S. paying agent or other U.S. intermediary may be subject to information reporting requirements. If information reporting requirements apply to a U.S. Holder, interest on the U.S. Holder's Notes will be reported to the IRS and to the U.S. Holder as may be required under applicable regulations. Backup withholding at a rate of 28 per cent. will also apply to these payments if the U.S. Holder fails to provide an accurate taxpayer identification number or to report all interest and dividends required to be shown on its U.S. federal income tax return. Certain U.S. Holders (including, among others, corporations) are not subject to backup withholding. Backup withholding is not an additional tax, and a U.S. Holder can claim a credit against its U.S. federal income tax liability for the amount of any backup withholding tax and a refund of any excess amount. U.S. Holders should consult their tax advisors as to their qualifications for exemption from backup withholding and the procedure for obtaining such an exemption.

I. Disclosure of Reportable Transactions and Maintenance of Participants List

Under U.S. Treasury regulations, any person that files a U.S. federal income tax return or U.S. federal information return and participates in a "reportable transaction" in a taxable year is required to disclose certain information on IRS Form 8886 (or its successor form) attached to such person's U.S. federal tax return for such taxable year (and also file a copy of such form with the IRS's Office of Tax Shelter Analysis) and to retain certain documents related to the transaction. In addition, under these regulations, under certain circumstances, certain organizers and sellers of a "reportable transaction" will be required to maintain lists of participants in the transaction containing identifying information, retain certain documents related to the transaction, and furnish those lists and documents to the IRS upon request. The definition of "**reportable transaction**" is highly technical. However, in very general terms, a transaction may be a "reportable transaction" if, among other things, it is offered under conditions of confidentiality, it results in the claiming of a loss or losses for U.S. federal income tax purposes in excess of certain threshold amounts, or an item from the transaction is treated differently for U.S. federal income tax purposes and for book purposes (generally under U.S. generally accepted accounting principles). Holders that recognize foreign currency losses in excess of certain thresholds may incur additional United States federal income tax reporting obligations. Prospective purchasers should consult their own tax advisors regarding any additional reporting requirements with respect to the Notes.

In addition, under these U.S. Treasury regulations, if the Issuer participates in a "reportable transaction," a U.S. Holder of E Notes and F Notes (or any other Notes, if such Notes are treated as equity for U.S. federal income tax purposes) that is a "reporting shareholder" of the Issuer will be treated as participating in the transaction and will be subject to the rules described above. Although most of the Issuer's activities generally are not expected to give rise to "reportable transactions," the Issuer nevertheless may participate in certain types of transactions that could be treated as "reportable transactions." A U.S. Holder of E Notes or F Notes or other equity in the Issuer will be treated as a "reporting shareholder" of the Issuer if (i) such U.S. Holder owns 10% or more of the E Notes or F Notes or other equity in the Issuer and makes a QEF election with respect to the Issuer or (ii) the Issuer is treated as a CFC and such U.S. Holder is a "U.S. Shareholder" (as defined above) of the Issuer. The Issuer intends to provide to U.S. Holders of E Notes and F Notes that are "reporting shareholders" any information necessary to complete IRS Form 8886 (or its successor form).

Prospective investors in the Notes should consult their own tax advisors concerning any possible disclosure obligations under these U.S. Treasury regulations with respect to their ownership or disposition of the Notes in light of their particular circumstances.

CERTAIN ERISA AND OTHER CONSIDERATIONS

General

The United States Employee Retirement Income Security Act of 1974, as amended (“ERISA”), and the Code impose strict requirements on all employee benefit plans which are subject to ERISA or Section 4975 of the Code, including certain individual retirement accounts and other retirement plans and arrangements, as well as on collective investment funds and separate accounts in which such plans or arrangements are invested (all of which are hereinafter referred to as “Plans”), and on persons who are fiduciaries with respect to Plans. Any Plan fiduciary which proposes to cause a Plan to acquire the Notes will be required to determine whether such an investment is permitted under the governing Plan instruments and that such investment is prudent and appropriate for the Plan in view of its overall investment policy and the composition and diversification of its portfolio.

Prohibited Transaction Rules

In addition to the general fiduciary requirements described above, ERISA and the Code prohibit certain transactions involving the assets of a Plan and “disqualified persons” (within the meaning of the Code) and “parties in interest” (within the meaning of ERISA) who have certain specified relationships to the Plan, and certain of their affiliates. A party in interest or disqualified person who engages in such a “prohibited transaction” may be subject to excise taxes and other penalties and liabilities under ERISA and the Code.

The Issuer may be a party in interest or a disqualified person with respect to a Plan that is considering purchasing the Notes (or an interest in a Note). Therefore, the purchase by a Plan of Notes (or an interest in a Note) may give rise to a direct or indirect prohibited transaction under ERISA and/or the Code. There can be no assurances given that any particular exemption would apply to a Plan’s purchase of a Note (or an interest in a Note). Certain exemptions from the prohibited transaction rules may, however, be applicable depending in part on the type and circumstances of the purchase and of the Plan fiduciary making the decision to acquire the Notes (or an interest in a Note).

Plan Assets Regulation

An additional issue concerns the extent to which assets of the Issuer could themselves be treated as subject to ERISA. The United States Department of Labor has issued final regulations concerning the definition of what constitutes the assets of a Plan for purposes of ERISA and the prohibited transaction provisions of the Code (the “Plan Assets Regulation”). Under the Plan Assets Regulation, generally when a Plan invests in another entity, the Plan’s assets do not include, solely by reason of such investment, any of the underlying assets of the entity. Plan Assets Regulation provides, however, that if a Plan acquires an “equity interest” (including for these purposes debt with substantial equity features) in an entity that is neither a publicly offered security nor a security issued by an investment company registered under the Investment Company Act, the Plan’s assets include both the equity interest and an undivided interest in each of the underlying assets of the entity, unless equity participation in the entity by “benefit plan investors” is not significant. For this purpose, the term “benefit plan investors” includes not only Plans but also employee benefit plans that are not subject to ERISA (such as, for example, plans maintained by governmental agencies and non-U.S. plans). Under the Plan Assets Regulation, equity participation by benefit plan investors is considered “significant” on any date if, immediately after the most recent acquisition of a particular class of equity interests, benefit plan investors held 25% or more of the aggregate value of the interests in such class.

Consistently with the discussion above under “United States Federal Income Taxation,” the Issuer intends to take the position that for purposes of the Plan Assets Regulation, the A Notes, B Notes, C Notes and D Notes will not be considered “equity interests”. If any A Note, B Note, C Note or D Note is deemed to comprise equity interests in the Issuer, the Issuer may be considered to hold plan assets subject to ERISA. In particular, for purposes of the Plan Assets Regulation, the A Notes, B Notes, C Notes and D Notes will not constitute publicly offered securities, and the Issuer will not be an investment company or an operating company. Further, there can be no assurance that benefit plan investors will hold less than 25% of the total value of any Class of Notes at the completion of the initial offering or thereafter, and no monitoring or other measures will be undertaken with respect to the level of such ownership. If the underlying assets of the Issuer are deemed to be plan assets, the obligations and other responsibilities of plan sponsors, plan fiduciaries and plan administrators, and of parties in interest and disqualified persons,

under Parts 1 and 4 of Subtitle B of Title I of ERISA and Section 4975 of the Code, as applicable, may be expanded, and there may be an increase in their liability under these and other provisions of ERISA and the Code (except to the extent (if any) that a favorable statutory or administrative exemption or exception applies). In addition, various providers of fiduciary or other services to the entity, and any other parties with authority or control with respect to the entity, could be deemed to be plan fiduciaries or otherwise parties in interest or disqualified persons by virtue of their provision of such services (and there could be an improper delegation of authority to such providers).

Any purchaser or holder of any A Note, B Note, C Note or D Note (or any interests in any A Note, B Note, C Note and D Note) will be deemed to have made, by its purchase and holding thereof, representations to the effect that either (i) it is not and for so long as it holds such Note (or an interest in such Note) will not be a Plan (or another employee benefit plan subject to any federal, state, local or foreign law that is substantially similar to Section 406 of ERISA or Section 4975 of the Code) or (ii) the purchase, holding and subsequent disposition of such Note (or an interest in such Note) are and will be exempt from the prohibited transaction rules of ERISA and Section 4975 of the Code (or in the case of any such other plan, are not in violation of any such substantially similar law).

The E Notes and F Notes (and interests therein) are not intended for purchase or holding by or on behalf of employee benefit plans and certain other plans subject to ERISA, Section 4975 of the Code or any substantially similar law. Each purchaser of an E Note or F Note (or any interest in an E Note or F Note) will be deemed to have represented and agreed that (i) it is not (and is not deemed for purposes of ERISA or Section 4975 of the Code to be) and for so long as it holds an E Note or F Note (or any interest in an E Note or F Note), as applicable, will not be (or be deemed for such purposes to be) a Plan and (ii)(A) it is not, and for so long as it holds an E Note or F Note (or any interest in E Note or F Note), as applicable, will not be, an employee benefit plan which is subject to any federal, state, local or foreign law that is substantially similar to Section 406 of ERISA or Section 4975 of the Code or (B) the purchase and holding of an E Note or F Note (or any interest in an E Note or an F Note), as applicable, do not and will not violate any such substantially similar law. Any purported purchase of E Notes or F Notes by a purchaser or transfer of an E Note or F Note (or any interest in an E Note or F Note) to a transferee, that does not comply with the foregoing shall be null and void ab initio.

Any insurance company proposing to invest assets of its general account in the Notes should consider the extent to which such investment would be subject to the requirements of ERISA in light of the U.S. Supreme Court's decision in *John Hancock Mutual Life Insurance Co. v. Harris Trust and Savings Bank* and under any subsequent legislation or other guidance that has or may become available relating to that decision.

The foregoing discussion is general in nature and is not intended to be comprehensive. Any fiduciary of a Plan considering the purchase of Notes (or an interest in a Note) should consult its legal advisors regarding the consequences of such purchase under ERISA and the Code. Plans that are governmental plans (as defined in Section 3(32) of ERISA) and certain church plans (as defined in Section 3(33) of ERISA), and certain non-U.S. and other plans, are not subject to the prohibited transaction rules under ERISA. Nevertheless, investments by such plans must be made in accordance with governing plan documents and any applicable federal, state, local or non-U.S. law.

The sale of any Notes (or an interest in a Note) to an employee benefit plan is in no respect a representation by the Issuer or the Managers or any other party to this transaction that such an investment meets all relevant legal requirements with respect to investments by such plans generally or any particular plan, or that such an investment is appropriate for such plans generally or any particular plan.

Any Plan and any employee benefit plan not subject to ERISA or Section 4975 of the Code proposing to invest in the Notes should consult with its counsel to confirm that such investment will not result in a prohibited transaction that is not subject to an exemption and will satisfy the other requirements of ERISA and the Code (and, in the case of any non-ERISA plans, any additional federal, state, local or non-U.S. requirements).

USE OF PROCEEDS

The net proceeds of issue of the Notes will be £2,000,000,000. The net proceeds of the issue of the Notes will be utilised by the Issuer on the Closing Date to acquire the Issuer's Portfolio Interest pursuant to the Asset Transfer Deed.

SUBSCRIPTION AND SALE

Pursuant to a subscription agreement to be dated on or prior to 18 November 2005 (the "**Subscription Agreement**") the Managers have agreed, subject to certain conditions, to subscribe for the Notes at a price equal to the issue price of 100 per cent. of the principal amount of the Notes. The Managers are entitled to terminate the Subscription Agreement and be released and discharged from its obligations under the Subscription Agreement in certain circumstances prior to payment to the Issuer. The Issuer has agreed to indemnify the Managers against certain liabilities, costs and expenses in connection with the offer, sale and issue of the Notes as more particularly described in the Subscription Agreement.

Except for listing the Notes on the Official List of the UK Listing Authority and admission to trading of the Notes on a regulated market of the London Stock Exchange, no action is being taken to permit a public offering of the Notes, or the distribution of any document, in or from any jurisdiction where action would be required for such purposes. This prospectus does not constitute, and may not be used for the purposes of, an offer or solicitation in or from any jurisdiction where such an offer or solicitation is not authorised.

United States of America

Each of the Managers has acknowledged that the Notes have not been and will not be registered under the Securities Act or the state securities laws of any state of the United States or the securities laws of any other jurisdiction and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. Persons, except in the case of the Rule 144A Notes, in reliance on Rule 144A to QIBs who are also QPs within the meaning of Section 2(a)(51) of the Investment Company Act. None of the Notes other than the Rule 144A Notes may be offered or sold within the United States or to, or for the account or benefit of, U.S. persons.

Each of the Managers has acknowledged and agreed that they will offer and sell the Regulation S Notes: (a) (i) as part of its distribution at any time; and (ii) otherwise until 40 days after the Closing Date (the "**40-Day Distribution Compliance Period**"), only in accordance with Rule 903 of Regulation S or, pursuant to Rule 144A or another exemption from the registration requirements under the Securities Act, and (b) it will send to each dealer or person receiving a selling concession, fee or other remuneration in respect of such Regulation S Notes that purchases Regulation S Notes from it in reliance on Regulation S a notice stating that such dealer or person receiving a selling concession, fee or other remuneration is subject to the same restrictions during the 40-Day Distribution Compliance Period.

In addition, until 40 days after the commencement of the offering of the Regulation S Notes, an offer or sale of the Regulation S Notes within United States by any dealer (whether or not participating in the offering of the Regulation S Notes) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with Rule 144A.

Each of the Managers has acknowledged and agreed that neither it nor any persons acting on its or their behalf have engaged or will engage in any directed selling efforts (as defined in Regulation S) with respect to the Regulation S Notes, and it and they have complied and will comply with the offering restrictions requirement of Regulation S.

Each of the Managers has acknowledged and agreed that neither it nor any persons acting on its or their behalf have engaged or will engage in any form of general solicitation or general advertising (within the meaning of 502(c) under the Securities Act) in connection with any offer or sale of the Notes in the United States.

Due to the restrictions set forth above in "*Purchase and Transfer Restrictions*", purchasers of the Notes in the United States are advised to consult legal counsel prior to making any offer for, resale, pledge or other transfer of the Notes.

Each purchaser of Notes offered hereby will be deemed to have represented and agreed that it has received a copy of this prospectus and such other information as it deems necessary to make an investment decision. Purchasers are also deemed to have made the representations and agreements set out in "*Form of Notes*" and "*Purchase and Transfer Restrictions*".

United Kingdom

Each of the Managers has represented, warranted and agreed with the Issuer that:

- (i) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business;
- (ii) it has not offered or sold and will not offer or sell the Notes other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or as agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the Notes would otherwise constitute a contravention of Section 19 of the FSMA by the Issuer;
- (iii) **Financial Promotion:** it has only communicated or caused to be communicated, and will only communicate or cause to be communicated, any invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Markets Act 2000 (“**FSMA**”)) received by it in connection with the issue or sale of any Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer; and
- (iv) **General compliance:** it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Notes, from or otherwise involving the United Kingdom.

Ireland

Each of the Managers has represented, warranted and undertaken to the Issuer that:

- (i) it has complied and will comply with all applicable provisions of the Investment Intermediaries Acts, 1995 to 2000 of Ireland (as amended) with respect to anything done by it in relation to the Notes or operating in, or otherwise involving, Ireland and, in the case of a Manager acting under and within the terms of an authorisation to do so for the purposes of EU Council Directive 93/22/EEC of 10 May 1993 (as amended or extended), it has complied with any codes of conduct made under the Investment Intermediaries Acts, 1995 to 2000 of Ireland (as amended) and, in the case of a Manager acting within the terms of an authorisation granted to it for the purposes of EU Council Directive 2000/12/EC of 20 March 2000 (as amended or extended), it has complied with any codes of conduct or practice made under Section 117(1) of the Central Bank Act, 1989 of Ireland (as amended);
- (ii) in connection with offers or sales of Notes, it has only issued or passed on, and will only issue or pass on, in Ireland, any document received by it in connection with the issue of such Notes to persons who are persons to whom the documents may otherwise lawfully be issued or passed on; and
- (iii) in respect of a local offer (within the meaning of Section 38(1) of the Investment Funds, Companies and Miscellaneous Provisions Act 2005 of Ireland (the “**2005 Act**”)) of Notes in Ireland, it has complied and will comply with Section 49 of the 2005 Act.

France

Each of the Managers has represented, warranted and undertaken to the Issuer that it has not offered and sold, and will not offer or sell, directly or indirectly, Notes to the public in France, and has not distributed or caused to be distributed and will not distribute or cause to be distributed to the public in France, this prospectus or any other offering material relating to the Notes, and that such offers, sales and distributions have been and shall only be made in France to (i) providers of investment services relating to portfolio management for the account of third parties, and/or (ii) qualified investors (*investisseurs qualifiés*), all as defined in, and in accordance with, articles L.411-1, L.411-2 and D.411-1 of the French *Code monétaire et financier*.

Republic of Italy

Each of the Managers has represented that it has not offered, sold and delivered, and will not offer, sell or deliver any Notes or distribute copies of the prospectus or any other document relating to the Notes in the Republic of Italy except to “**Professional investors**”, as defined in Article 31.2 of CONSOB Regulation No. 11522 of 1 July 1998 (“**Regulation No. 11522**”), as amended, pursuant to Articles 30.2 and 100 of Legislative Decree No. 58 of 24 February 1998 (“**Decree No. 58**”), or in any other circumstances where an express exemption from compliance with the solicitation restrictions provided by Decree No. 58

or CONSOB Regulation No. 11971 of 14 May 1999 applies, provided however, that any such offer, sale or delivery of Notes or distribution of copies of the prospectus or any other document relating to the Notes in the Republic of Italy must be:

- (a) made by investment firms, banks or financial intermediaries permitted to conduct such activities in the Republic of Italy in accordance with Legislative Decree No. 385 of 1 September 1993, Decree No. 58, Regulation No. 11522 and any other applicable laws and regulations;
- (b) in compliance with Article 129 of Decree No. 385 (“**Article 129**”) and the implementing instructions of the Bank of Italy, pursuant to which the issue, offer or placement of securities in Italy is subject to prior notification to the Bank of Italy, unless an exemption, depending inter alia, on the aggregate amount of securities issued, offered or placed and the characteristics of the securities, applies;
- (c) in compliance with the banking transparency requirements set forth in Decree No. 385 and the implementing regulations and decrees; and
- (d) in compliance with any other applicable notification requirement or limitation which may be imposed by CONSOB or the Bank of Italy.

The Issuer has made application pursuant to Article 129 in respect of the offering of the Rated Notes and has received the approval of the Bank of Italy in respect thereof.

Belgium

Each of the Managers has represented, warranted and undertaken to the Issuer that it will not:

- (i) offer for sale, sell or market in Belgium such Notes by means of a public offer within the meaning of the Law of 22nd April, 2003 on the public offer of securities; or
- (ii) sell Notes to any person qualifying as a consumer within the meaning of Article 1.7° of the Belgian law of 14th July, 1991 on consumer protection and trade practices unless such sale is made in compliance with this law and its implementing regulation.

Hong Kong

Each of the Managers has represented and agreed that:

- (i) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Notes other than (a) to “professional investors” as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong and any rules made under that Ordinance; or (b) in other circumstances which do not result in the document being a “prospectus” as defined in the Companies Ordinance (Cap. 32) of Hong Kong or which do not constitute an offer to the public within the meaning of that Ordinance; and
- (ii) it has not issued or had in its possession for the purpose of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Notes, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to “professional investors” as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong and any rules made under that Ordinance.

Singapore

Each of the Managers has represented, warranted and undertaken to the Issuer that this prospectus has not been registered as a prospectus with the Monetary Authority of Singapore (the “**MAS**”) under the Securities and Futures Act, Chapter 289 of Singapore (the “**Securities and Futures Act**”). Accordingly, the Notes may not be offered or sold or made the subject of an invitation for subscription or purchase nor may this prospectus or any other document or material in connection with the offer or sale or invitation for subscription or purchase of such Notes be circulated or distributed, whether directly or indirectly, to the public or any member of the public in Singapore other than (1) to an institutional investor or other person falling within Section 274 of the Securities and Futures Act, (2) to a relevant person, or any person pursuant to Section 275(1A) of the Securities and Futures Act, and in accordance with the conditions specified in Section 275 of the Securities and Futures Act and in accordance with the conditions specified in Section 275 of the Securities and Futures Act or (3) pursuant to, and in accordance with the conditions of, any other applicable provision of the Securities and Futures Act.

Each of the Managers has further represented, warranted and agreed to notify (whether through the distribution of this prospectus or any other document or material in connection with the offer or sale or invitation for subscription or purchase of any Notes or otherwise) each of the following relevant persons specified in Section 275 of the Securities and Futures Act which has subscribed or purchased Notes from and through that Manager, namely a person who is: (a) a corporation (which is not an accredited investor) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary is an accredited investor, that shares, debentures and units of shares and debentures of that corporation or the beneficiaries' rights and interest in that trust shall not be transferable for 6 months after that corporation or that trust has acquired the Notes under Section 275 of the Securities and Futures Act except: (1) to an institutional investor under Section 274 of the Securities and Futures Act or to a relevant person, or any person pursuant to Section 275(1A) of the Securities and Futures Act, and in accordance with the conditions, specified in Section 275 of the Securities and Futures Act; (2) where no consideration is given for the transfer; or (3) by operation of law.

General

Other than the approval of this document as the prospectus in accordance with the Prospectus Rules, admission of the Notes to the Official List of the UKLA and admission to trading on the regulated market of the London Stock Exchange, no action has been taken by the Issuer or each of the Managers which would or is intended to permit a public offer of the Notes in any country or jurisdiction where action for that purpose is required. Accordingly, each of the Managers has undertaken that it will not, directly or indirectly, offer or sell any Notes in any country or jurisdiction where action for that purpose is required and neither this prospectus nor any other circular, prospectus, form of application, advertisement or other material may be distributed in or published in any country or jurisdiction, except under circumstances which will result in compliance with applicable laws and regulations.

None of the Managers represents that Notes may at any time lawfully be sold in compliance with any applicable registration or other requirements in any jurisdiction, or pursuant to any exemption available thereunder, nor assumes any responsibility for facilitating such sale.

GENERAL INFORMATION

1. The issue of the Notes was authorised by resolutions dated 17 November 2005 of the Board of Directors of the Issuer.
2. The listing of the Notes on the Official List of the UKLA is expected to be granted on or about 23 November 2005 subject only to the issue of the Global Note Certificates. The listing of the Notes will not become effective if the Global Note Certificates are not issued. Prior to official listing, however, dealings in the Notes will be permitted by the UKLA in accordance with its rules.
3. The Regulation S Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg. The Rule 144A Notes have been accepted for clearance through DTC. The applicable securities codes for each Class of Notes are as follows:

Class	144A CUSIP	144A ISIN	144 COMMON CODE	REG S COMMON CODE	REG S ISIN
A1	591930 AF 9	US591930AF97	23574136	23517493	XS0235174934
A2	591930 AG 7	US591930AG70	23574179	23517558	XS0235175584
A3	591930 AA 0	US591930AA01	23520915	23517574	XS0235175741
B1	N/A	N/A	N/A	23517604	XS0235176046
B2	N/A	N/A	N/A	23517639	XS0235176392
B3	591930 AB 8	US591930AB83	23520931	23517647	XS0235176475
C1	N/A	N/A	N/A	23517663	XS0235176632
C2	N/A	N/A	N/A	23517680	XS0235176806
D1	N/A	N/A	N/A	23517736	XS0235177366
D2	N/A	N/A	N/A	23517779	XS0235177796
E1	N/A	N/A	N/A	23517809	XS0235178091
E2	N/A	N/A	N/A	23517817	XS0235178174
E3	591930 AE 2	US591930AE23	23521075	23517841	XS0235178414
F	N/A	N/A	N/A	23568713	XS0235687133

4. There has been (i) no significant change in the financial or trading position of the Issuer and (ii) no material adverse change in the financial position or prospects of the Issuer, since 24 June 2005 (being the date of incorporation of the Issuer).
5. The Issuer is not, nor has it been involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware) which may have, or have had since 24 June 2005 (being the date of incorporation of the Issuer), a significant effect on the Issuer's financial position or profitability.
6. In relation to this transaction, the Issuer has entered into the Subscription Agreement which is or may be material.
7. The expenses of the Issuer in connection with the admission to trading of the Notes are estimated to be £4,600,000.
8. No statutory or non-statutory accounts within the meaning of Section 240 of the Companies Act 1985 in respect of any financial year of the Issuer have been prepared.
9. There is no intention to accumulate surpluses in the Issuer.
10. The Issuer was incorporated on 24 June 2005. In the period from incorporation to 18 November 2005 the Issuer has not traded, had no income or expenditure and undertook no transactions save for those transactions incidental to its incorporation as a public limited company under the Companies Act 1985 and to the proposed Note Issue and the other matters contemplated in the prospectus and the authorisation and/or entering into of the other documents referred to in the prospectus to which it is or will be a party. No audited financial statements have been prepared and no dividends have been declared or paid since the date of incorporation.
11. The Cash Manager's function include producing the monthly reports required by the Cash Management Agreement. These monthly reports will be available to the Issuer and will be available on the Company News page of Bloomberg.
12. The Issuer confirms that the securitised assets backing the issue of this series of notes have characteristics that demonstrate capacity to produce funds to service any payments due and payable

on the Notes. However, investors are advised that this confirmation is based on the information available to the Issuer at the date of this prospectus and the relevant final terms and may be affected by future performance of such securitised assets. Consequently, investors are advised to review carefully the disclosure in this prospectus together with any amendments or supplements thereto.

13. The information set out in the sections entitled “*HSBC and HSBC’s Credit Policies and Procedures*” and “*Securitized Portfolio*” has been compiled by reference to information published by and/or provided by HSBC.
14. Copies of the following documents (and prior to the Closing Date, where indicated, draft copies in substantially agreed form) may be inspected at the offices of Structured Finance Management Limited, 35 Great St. Helen’s, London EC3A 6AP during usual business hours on any weekday (Saturdays, Sundays and public holidays excepted) until the Legal Final Maturity Date, by electronic means:
 - memorandum and articles of association of the Issuer; and
 - U.S. tax opinion of Clifford Chance LLP.

INDEX OF DEFINED TERMS

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APPENDIX

This appendix highlights certain features of the transaction and Sample Securitised Advances and, for ease of reference, presents certain data in graphic or tabular form. This appendix should be read in conjunction with, and is qualified in its entirety by, the information set out in the other parts of this prospectus.

Executive Summary

Summary of Notes to be Issued by Metrix Funding No.1 PLC

Class	Rating (M/S)	Currency	Amount ('000)	Credit Enhancement ⁽⁵⁾	Legal Maturity	Estimated Weighted Average Life (years) ⁽⁶⁾	Aggregate Amount (GBP Equivalent MM)
A1	Aaa/AAA	GBP	500,000	[17.4%]	Feb 2019	[4.81]	1,700
A2	Aaa/AAA	EUR	700,000	[17.4%]	Feb 2019	[4.81]	
A3	Aaa/AAA	USD	1,261,000	[17.4%]	Feb 2019	[4.81]	
B1	Aa2/AA	GBP	44,000	[13.9%]	Feb 2019	[6.27]	70
B2	Aa2/AA	EUR	29,940	[13.9%]	Feb 2019	[6.27]	
B3	Aa2/AA	USD	10,000	[13.9%]	Feb 2019	[6.27]	
C1	A2/A	GBP	32,000	[10.4%]	Feb 2019	[6.59]	70
C2	A2/A	EUR	56,200	[10.4%]	Feb 2019	[6.59]	
D1	Baa2/BBB	GBP	36,000	[6.9%]	Feb 2019	[6.72]	70
D2	Baa2/BBB	EUR	50,300	[6.9%]	Feb 2019	[6.72]	
E1	Ba2/BB	GBP	30,000	[4.4%]	Feb 2019	[6.72]	50
E2	Ba2/BB	EUR	27,030	[4.4%]	Feb 2019	[6.72]	
E3	Ba2/BB	USD	3,000	[4.4%]	Feb 2019	[6.72]	
F	-/-	GBP	40,000	[2.4%]	Feb 2019	N/A	N/A

- The Notes will not have been registered under the United States Securities Act of 1933. The Class A, B3 and E3 notes may be offered in the US to QIBs under Rule 144A who are also qualified purchasers. The Notes will also be offered outside the United States in accordance with Regulation S ⁽¹⁾
- The Notes will be listed on the official list of the Financial Services Authority and will be settled through Euroclear, Clearstream, Luxembourg, and DTC ⁽²⁾
- Regular investor reports will be provided on a quarterly basis reflecting both aspects of the performance of the notes and the underlying portfolio ⁽³⁾
- An article 129 application has been submitted to, and approved by, the Bank of Italy ⁽⁴⁾

⁽¹⁾ See Section "Purchase and Transfer Restrictions", sub-section "Prospective Initial Investors in the Notes"

⁽²⁾ See Section "Subscription and Sale" and see Section "Book-Entry Clearance Procedures", sub-section "Euroclear and Clearstream, Luxembourg"

⁽³⁾ See Section "Cash Management", sub-section "Cash Manager Representations and Covenants"

⁽⁴⁾ See Section "Subscription and Sale", sub-section "Republic of Italy"

⁽⁵⁾ The Credit Enhancement levels shown take account of the anticipated building up of the Reserve Ledger from retained excess interest

⁽⁶⁾ Utilising various assumptions; see Section "Maturity Assumptions" including a repayment rate of 7.5% per month

Summary of Transaction Structure

- Metrix Funding No. 1 PLC (“Metrix Funding”) is a UK public limited company which will issue notes (as described on the previous page) ⁽¹⁾
- The proceeds of the note issuance will be used to acquire the beneficial interest in a trust consisting of collateral assets, which will provide security for the notes ⁽²⁾
- The collateral assets are a portfolio of advances or portions of advances under corporate loan facilities made by HSBC ⁽³⁾
- The issued notes will benefit from various features ⁽⁴⁾
 - Excess interest
 - Reserve Ledger (initially £34MM targeted to build up to at least £48MM from retention of excess interest)
 - Basis Swaps
 - Asset Cross-Currency Swaps
 - Funding Cross-Currency Swaps
 - Liquidity Facilities in USD, EUR and GBP
- Metrix Funding will have the right to call the notes on any Interest Payment Date after the 4th anniversary of the closing date, providing that it is able to repay the notes in full. This may happen as part of a refinancing of the portfolio. Additionally, there is a clean-up call available to HSBC when the notes are reduced to 10% of their initial principal balance ⁽⁵⁾

(1) See Section “Issuer”

(2) See Section “Use of Proceeds”

(3) See Section “HSBC and HSBC’s Credit Policies and Procedures”

(4) See Section “Transaction Cashflows”, sub-sections “Reserve Account and Liquidity Reserve Ledger”, “Swap Agreements” and “Liquidity Facilities”

(5) See Section “Conditions of the Notes”, sub-section “Redemption and Purchase”, paragraph “Redemption at Option of Issuer”

HSBC: Corporate and Institutional Banking

HSBC Group – Overview ⁽¹⁾

HSBC Holdings PLC had total assets in excess of £800bn as at 30 June 2005

HSBC Bank plc is HSBC's principal operating subsidiary in Europe and is regulated by the Financial Services Authority

- Over 9,800 offices in 77 countries and territories in five geographic regions
- More than 259,000 employees and 110 million customers around the world
- Four customer groups:
 - Corporate, Investment Banking & Markets (CIBM)
 - Commercial Banking
 - Personal Financial Services
 - Private Banking
- Listings on the London, Hong Kong, New York, Paris and Bermuda stock exchanges

(1)

See Section "HSBC and HSBC's Credit Policies and Procedures"

Corporate & Institutional Banking

A core division of CIBM, Corporate & Institutional Banking is responsible for origination, monitoring and control of HSBC's credit and lending product to major corporate clients ⁽¹⁾

Eligible loans originated within Corporate & Institutional Banking UK (CIB) will form the asset base of Metrix Funding ⁽²⁾

- Relationship Management of HSBC's major corporate & institutional clients ⁽³⁾:
 - Major centres include Hong Kong, London, New York, Paris
 - Co-ordinating the marketing of CIBM products and services
 - Promoting HSBC's global banking network
 - Originating and monitoring the credit and lending product
 - Reporting and monitoring total credit exposure of the Corporate & Institutional Banking client group

⁽¹⁾ See Section "HSBC and HSBC's Credit Policies and Procedures"

⁽²⁾ See Section "HSBC and HSBC's Credit Policies and Procedures", sub-section "General"

⁽³⁾ See Section "HSBC and HSBC's Credit Policies and Procedures", sub-section "General"

Overview of HSBC Group Credit Process

- HSBC's global credit process is characterised by two key principles : individual accountability within overarching and stringent HSBC Group credit policies ⁽¹⁾
- Loan Origination & Structuring commences by relationship managers liaising with existing and prospective borrowers during which a Credit Proposal is prepared analysing the key financial and risk aspects and a Customer Risk Rating (CRR) assigned ⁽¹⁾
- Approval procedures begin with the relationship manager's recommendation being reviewed by individuals with successive authority levels until the appropriate approval is obtained for the relevant application ⁽¹⁾
- Credit Proposals exceeding certain thresholds and criteria require HSBC Group concurrence ⁽¹⁾
- Each individual in the approval process is required to accept individual responsibility for their recommendation or approval ⁽¹⁾
- Loan Monitoring & Control is achieved through an annual Credit Proposal (called Credit Review) which must be completed for all existing loan facilities. This is supported by regular portfolio quality reviews and internal audits ⁽¹⁾
- Loan Repayment is usually through settlement or refinancing, but in difficult situations Loan Management Unit (LMU), a specialist Corporate & Institutional Banking unit, provide support ranging from general advice and guidance to full credit and negotiating responsibility ⁽²⁾
- LMU's objective is to identify repayment difficulty causes and then negotiate and implement solutions to stabilise and maximise recovery ⁽²⁾

⁽¹⁾ See Section "HSBC and HSBC's Credit Policies and Procedures", sub-section "Credit Approval Process"

⁽²⁾ See Section "HSBC and HSBC's Credit Policies and Procedures", sub-section "Delinquencies, Write-off procedures and Experience"

Rating Agency Mapping for CRRs

HSBC Customer Risk Rating (CRR): Agency Mappings ^{(1), (2)}		
CRR	S&P Rating	Moodys Rating
1.1	AAA	Aa1
1.2	AA	Aa3
2.1	A	A3
2.2	BBB+	Baa1
3.1	BBB+	Baa1
3.2	BBB	Baa2
3.3	BBB-	Baa3 / Ba1
4.1	BB	Ba2
4.2	BB	Ba2
4.3	BB-	Ba3
5.1	B	B2
5.2	B-	B3
5.3	B-	Caa1

(1) See Section "Asset Transfer Deed"
 (2) This table is a subset of the CRR table shown elsewhere

Historical CIB Lending Performance ⁽¹⁾

The gross bad debts as a percentage of the CIB loan book have fallen over the past three years

	Provisioning and Write Off Experience ⁽²⁾				
	(Thousands) (Sterling)				
	For the year ended 31 December				For the period ended
	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>31 August</u>
Average Outstanding Loans	10,981,685	10,735,667	11,630,782	9,702,984	10,066,874
Gross Write-Offs ⁽³⁾	11,422	102,232	70,775	17,543	13,521
Release of Write-Offs no longer required ⁽⁴⁾	(8,406)	(839)	(23,246)	(26,809)	(12,399)
Recovery of amounts written off ⁽⁵⁾	(8,238)	(4,963)	(31,195)	(5,972)	(5,977)
Net Write-Off	(5,222)	96,431	16,334	(15,238)	(4,855)
Gross Write-Off as Percentage of Outstanding Loans	0.10%	0.95%	0.61%	0.18%	0.13%
Net Write-Off as Percentage of Outstanding Loans	-0.05%	0.90%	0.14%	-0.16%	-0.05%

(1) See Section "HSBC and HSBC's Credit Policies and Procedures", sub-section "Delinquencies, Write-Off and Experience"

(2) Negative numbers represent a net recovery/release

(3) Write-Offs made in that period in respect of Loan Facilities in CIB

(4) Reductions in write-offs in that period in respect of Loan Facilities in CIB

(5) Monies received in that period from Loan Facilities previously written-off

The Metrix Portfolio

Type of Loans in the Portfolio

CIB's corporate lending portfolio aggregates over £10bn in average outstanding loans for the period in 2005 up to 31 August

- Loans to corporate and institutional clients within CIB's client group - this proposal only concerns corporate assets within the CIB loan portfolio ⁽¹⁾
- A 99% interest in the securitised advances (which may include part advances) will be transferred by the originator (HSBC) to the issuer (Metrix Funding No. 1 PLC) ⁽²⁾
 - This transfer will be effected through a declaration of a trust
 - HSBC as the originator will retain a 1% interest in the securitised advances
 - Portions of advances can be included in the securitised portfolio. In such a case, the issuer will have a 99% interest in the specified portion of the advance

(1) See Section "HSBC and HSBC's Credit Policies and Procedures"

(2) See Section "Asset Transfer Deed", sub-sections "Securitised Portfolio and Asset Transfer Deed" and "Identifying Securitised Advances which comprise the Securitised Portfolio"

Eligibility Criteria for the Portfolio

Eligibility Criteria for Individual Advances ⁽¹⁾	
Maturity	No later than the Interest Payment Date immediately following the 10 th anniversary of the closing date
CRR	Between 1.1 (mapping to AAA/Aaa) and 4.3 (mapping to BB-/Ba3)
Currency	Denominated in USD, EUR or GBP
Country of Incorporation	UK, Netherlands, British Virgin Islands, Bermuda or Jersey
Margin	No less than 0.15% over the relevant index

Eligibility Criteria for Portfolio ⁽²⁾	
Currency	No more than £500MM equivalent denominated in USD No more than £500MM equivalent denominated in EUR
Obligor Limit	No more than 2.5% of the initial portfolio balance to any single obligor
Industry Limit	No more than 8% of the initial portfolio balance in any one industry category (using a classification of 40 industry types)

(1) See Section "Asset Transfer Deed", sub-section "Eligibility Criteria for Securitised Advances"
 (2) See Section "Asset Transfer Deed", sub-sections "Representation and Warranties of the Originator under the Asset Transfer Deed" and "Eligible Portfolio Designated Facilities"

Eligibility Criteria for the Portfolio (continued)

Further Criteria for Individual Advances ⁽¹⁾	
Governing Law	English Law
Set-Off ⁽²⁾	Loan Facility contains a waiver of set-off by the borrower
Status	Not in arrears
Nature of Borrower	No borrower to be sovereign, government, or agent or department of sovereign or government
Payment Frequency	No less frequently than semi-annually
Minimum Interest Period	5 days
Origination/Servicing	Booked and serviced by HSBC in the UK

(1) See Section "Asset Transfer Deed", sub-section "Eligibility Criteria for Securitised Advances"

(2) See Section "Asset Transfer Deed", subsection "Representations and Warranties of the Originator under the Asset Transfer Deed"

Portfolio Replenishment

- Advances in the portfolio may repay on a daily basis
- HSBC may replace repaid advances with new advances during the substitution period subject to various tests and criteria
- The selection of advances to be included during the substitution period is done on a quasi-random basis by an automated program

Conditions on Replenishment

- Replenishment or substitution of new advances will be subject to various conditions, including:
 - Replenishment is only possible if the transaction is performing sufficiently well that no amount had been credited to the Class F Principal Deficiency Ledger ⁽¹⁾
 - If the Weighted Average Moody's Rating Factor of the Portfolio is greater than 630 then any substitute advance must have a Moody's Rating Factor of less than 630 ⁽²⁾
 - If the Moody's Diversity Score of the Portfolio is less than 38 then the addition of any substitute advance must improve the diversity score ⁽²⁾
 - If the Weighted Average Margin of the Portfolio is less than 40 basis points then any substitute advance must have a margin of greater than 40 basis points ⁽²⁾
 - If the Weighted Average Remaining Life of the Portfolio is more than 4.5 years then any substitute advance must have a remaining life of less than 4.5 years ⁽²⁾
 - The Industry, Single Obligor and Currency concentration limits on the Portfolio must be met ⁽²⁾
- Replenishment or substitution of new advances will only be permitted until the Interest Payment Date immediately following the 4th anniversary of the Closing Date ⁽³⁾
- Additionally, Metrix Funding may not retain more than 20% of the total balance of its assets in each of GBP, USD and EUR as cash, and any surplus beyond that amount must be paid through the transaction to amortise notes ⁽⁴⁾

(1) See Section "Summary Information", paragraph "Asset Transfer Deed"

(2) See Section "Asset Transfer Deed", sub-section "Representations and Warranties of the Originator under the Asset Transfer Deed"

(3) See Section "Condition of the Notes", sub-section "Redemption and Purchase"

(4) See Section "Transaction Cashflows", sub-section "Swap Agreements"

Illustrative Portfolio Statistics and Stratifications (1)

These statistics and stratifications refer to a sample portfolio cut from the pool of eligible advances on 31 August 2005

Characteristics of Sample Securitised Advances ⁽¹⁾	
Outstanding Balance of Sample Securitised Advances (GBP Equivalent)	1,992,196,367
Number of Sample Securitised Advances	252
Number of Borrowers	99
Largest Sample Securitised Advance (GBP Equivalent)	49,496,238
Smallest Sample Securitised Advance (GBP Equivalent)	147,753
Average Sample Securitised Advance (GBP Equivalent)	7,905,541
Weighted Average Interest Margin on Sample Securitised Advances (%)	0.68%
Weighted Average Remaining Term to Loan Facility Maturity (months) in respect of Loan Facilities under which Sample Securitised Advances are drawn	40

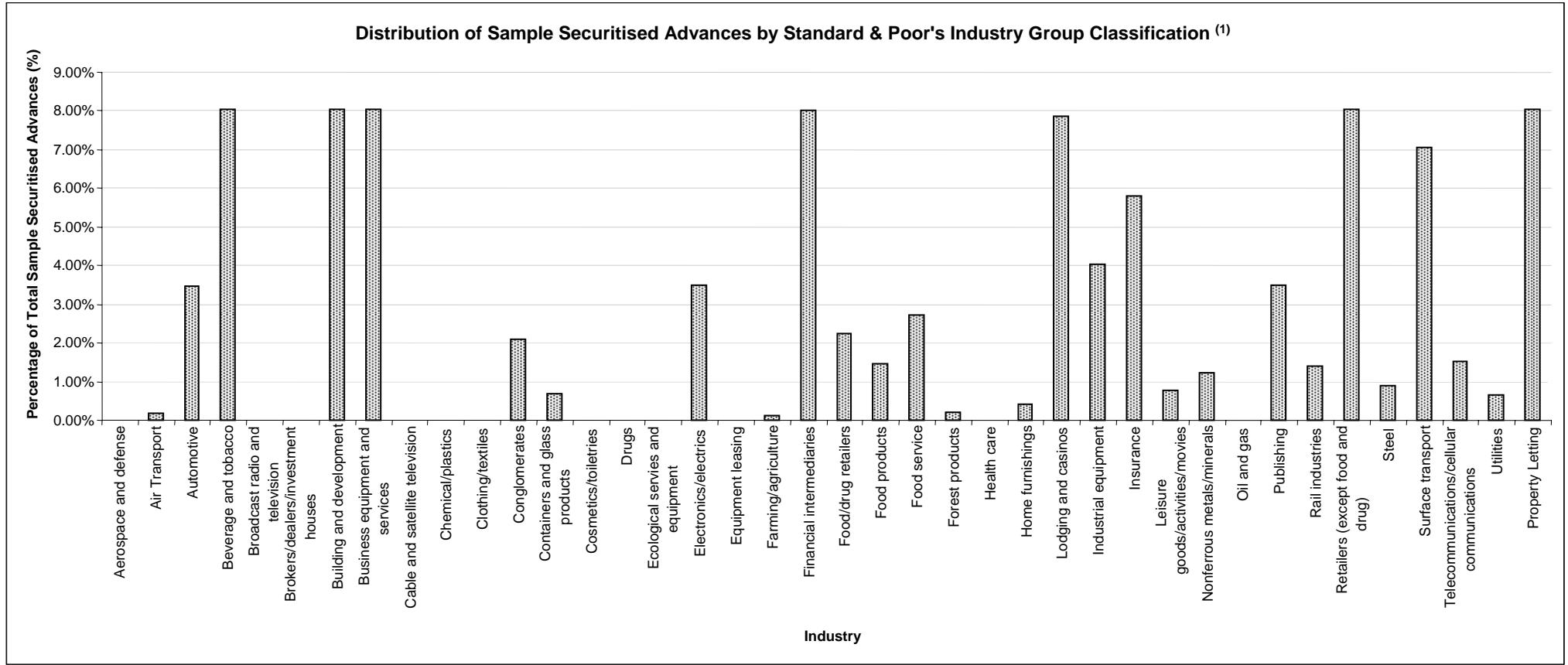
Distribution of Sample Securitised Advances by currency and Weighted Average Margin ⁽²⁾				
Currency	Number of Advances	Amount (GBP Equiv)	Percentage of Total Sample Securitised Advances (%)	Weighted Average Margin
GBP	90	999,817,329	50.19%	0.82%
USD	73	492,500,771	24.72%	0.58%
EUR	89	499,878,267	25.09%	0.50%
	252	1,992,196,367		0.68%

(1) See Section "Loan Portfolio", sub-section "Characteristics of the Sample Securitised Advances "

(2) See Section "Loan Portfolio", sub-section "Distribution of Sample Securitised Advances by currency and Weighted Average Margin"

(3) USD & EUR converted into GBP at exchange rates of 1.8041 and 1.4612 respectively

Illustrative Portfolio Statistics and Stratifications (2)

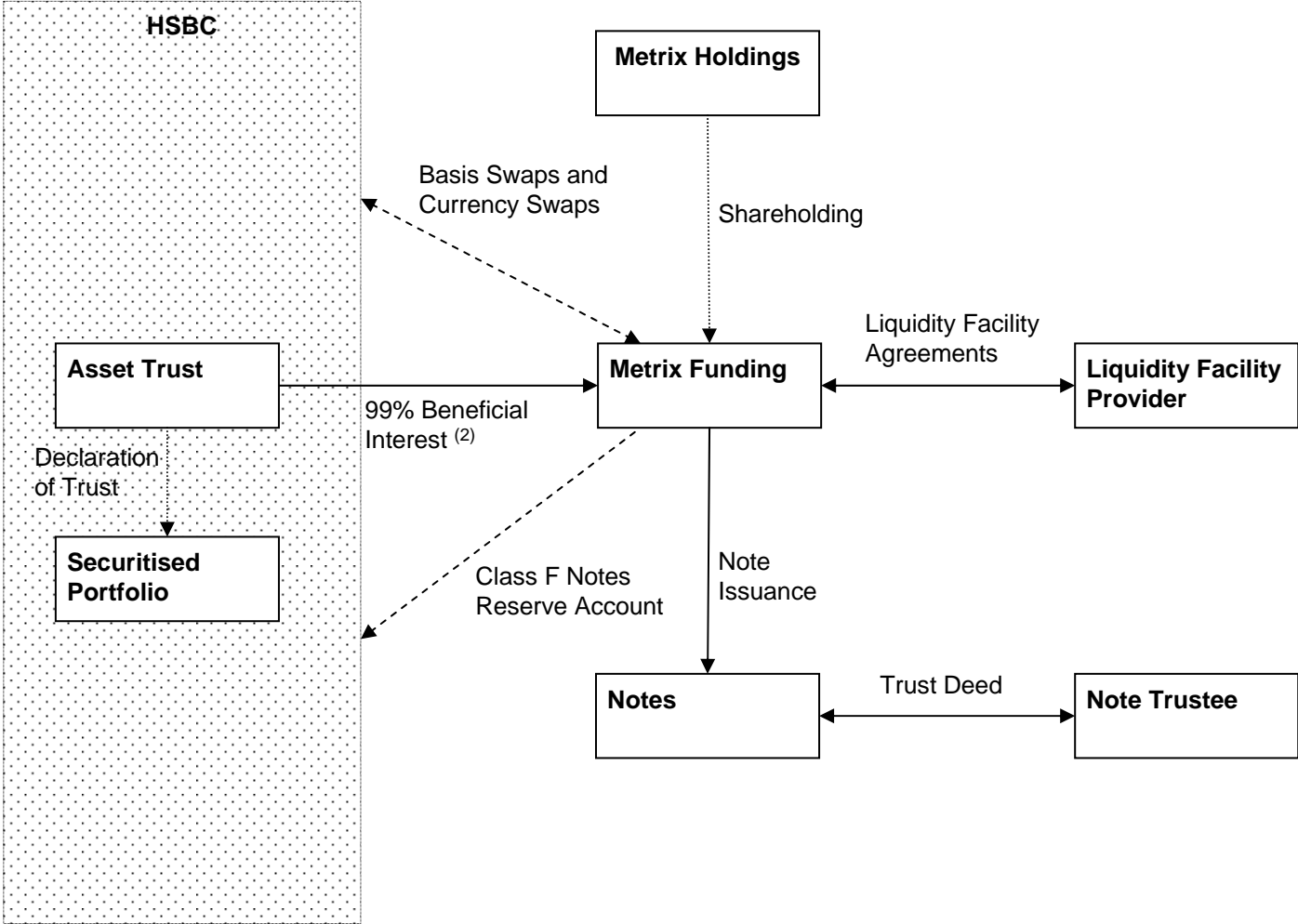


(1) See Section "Loan Portfolio", sub-section "Distribution of Sample Securitised Advances by Standard and Poor's Industry Group Classification"
 (2) USD & EUR converted into GBP at exchange rates of 1.8041 and 1.4612 respectively

Transaction Structure

Legal Structure (diagram) ⁽¹⁾

Metrix Funding will purchase a beneficial interest in a portfolio of advances...
 ... using the proceeds of note issuance...
 ...while entering into additional agreements for swaps, liquidity facility etc....



(1) See Summary : "Structure Diagram" and general descriptions
 (2) 99% beneficial interest in an undivided interest in the Securitised Portfolio

Legal Structure (explanation)

Metrix Funding uses a standard and typical legal structure...

...including an originator trust to permit the inclusion of loans without the need to inform the borrowers...

... and to enable part loans to be included in the transaction facilitating greater borrower diversity

- HSBC will declare a trust over the portfolio of assets (each an advance under a corporate loan facility) or part advance ⁽¹⁾
- Metrix Funding is a bankruptcy remote special purpose UK public limited company ⁽²⁾
- Metrix Funding will enter into various additional contractual arrangements including ⁽³⁾ :
 - Basis swaps
 - Cross-currency swaps
 - Liquidity facility agreements
- Metrix Funding will issue notes backed by its beneficial interest in the Asset Trust as well as the various other features ⁽²⁾

(1) See Section "Asset Transfer Deed", sub-section "Securitised Portfolio and Asset Transfer Deed"

(2) See Section "Issuer"

(3) See Section "Transaction Cashflows", sub-section "Swap Agreements" and "Liquidity Facilities"

Note Issuance

Class	Rating (M/S)	Currency	Balance	Credit Enhancement ⁽³⁾	Legal Maturity	Estimated Weighted Average Life (years) ⁽⁴⁾	Aggregate Amount (GBP Equivalent MM)
A1	Aaa/AAA	GBP	500,000	[17.4%]	Feb 2019	[4.81]	1,700
A2	Aaa/AAA	EUR	700,000	[17.4%]	Feb 2019	[4.81]	
A3	Aaa/AAA	USD	1,261,000	[17.4%]	Feb 2019	[4.81]	
B1	Aa2/AA	GBP	44,000	[13.9%]	Feb 2019	[6.27]	70
B2	Aa2/AA	EUR	29,940	[13.9%]	Feb 2019	[6.27]	
B3	Aa2/AA	USD	10,000	[13.9%]	Feb 2019	[6.27]	
C1	A2/A	GBP	32,000	[10.4%]	Feb 2019	[6.59]	70
C2	A2/A	EUR	56,200	[10.4%]	Feb 2019	[6.59]	
D1	Baa2/BBB	GBP	36,000	[6.9%]	Feb 2019	[6.72]	70
D2	Baa2/BBB	EUR	50,300	[6.9%]	Feb 2019	[6.72]	
E1	Ba2/BB	GBP	30,000	[4.4%]	Feb 2019	[6.72]	50
E2	Ba2/BB	EUR	27,030	[4.4%]	Feb 2019	[6.72]	
E3	Ba2/BB	USD	3,000	[4.4%]	Feb 2019	[6.72]	
F	-/-	GBP	40,000	[2.4%]	Feb 2019	N/A	N/A

Metrix Funding will issue notes in USD, EUR and GBP

The Class A notes and other USD notes will be offered under Rule 144A and hence be available for sale to QIBs who are also qualified purchasers in the USA

- Notes issued in currencies other than GBP will be hedged through balance-guaranteed cross-currency swaps (these are described as the Funding Swaps) ⁽¹⁾
- The weighted average lives in the table above are calculated with respect to various assumptions including the following ⁽²⁾:
 - Substitution occurs for the first 4 years of the transaction with no note amortisation
 - After the substitution, the assets repay at a rate of 7.5% per month
 - There are no adverse credit events having an impact on the portfolio repayment
 - The clean-up call is exercised when the notes amortise to 10% of their total balance

⁽¹⁾ See Section "Conditions of the Notes", sub-section "Definitions", paragraph "Funding Swap Agreement"

⁽²⁾ See Section "Maturity Assumptions"

⁽³⁾ The Credit Enhancement levels shown take account of the anticipated building up of the Reserve Ledger from retained excess interest

⁽⁴⁾ Utilising various assumptions; see Section "Maturity Assumptions"

Credit Enhancement Features

Metrix Funding
will benefit
from three key
credit
enhancement
features

- **Excess Interest** ⁽¹⁾
 - The excess interest generated by the asset portfolio over that required to pay the Class A to Class E notes provides credit enhancement
 - Such excess interest is utilised to make good principal losses through the mechanism of the Principal Deficiency Ledgers
- **Reserve Ledger**⁽²⁾
 - A Reserve Ledger of £34MM will be funded at closing
 - Excess interest which would otherwise be paid to the Class F Notes or out of the transaction will be retained in the Reserve Ledger until it is built to at least £48MM (the Initial Required Reserve Amount)
- **Second Loss Class** ⁽³⁾
 - The Class F Notes will provide an additional level of credit enhancement to the other Notes in the transaction through their subordination
 - Realised losses are first credited to the Class F Principal Deficiency Ledger before impacting on any of the senior notes
 - Interest and principal payments on the Class F Notes are each subordinated to all of the other Notes

(1) See Section "Transaction Cashflows"

(2) See Section "Transaction Cashflows", sub-section "Reserve Account and Liquidity Reserve Ledgers"

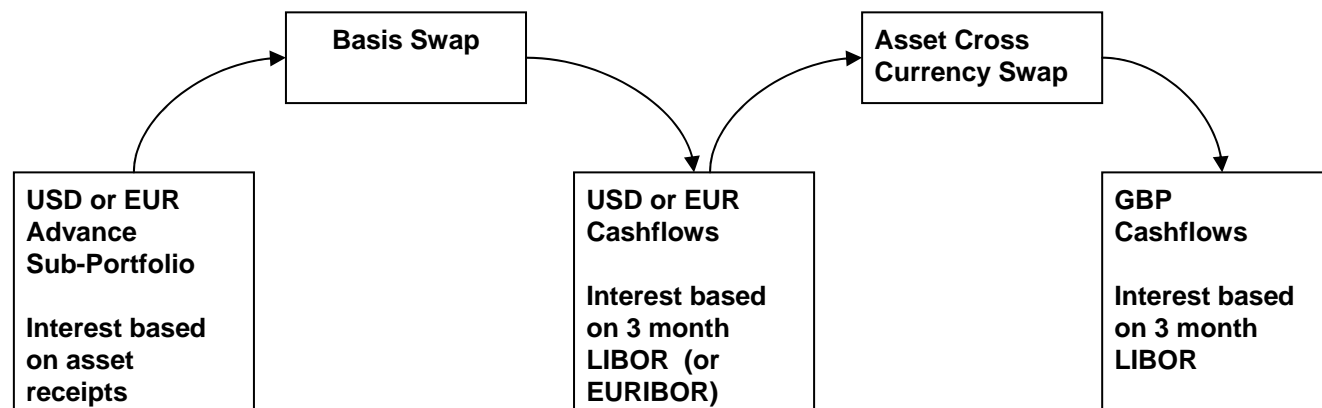
(3) See Section "Transaction Cashflows"

Asset-Level Swaps

Metrix Funding will utilise basis swaps to convert interest receipts in each currency into 3 month LIBOR (or EURIBOR) ...

... which are then swapped into 3 month GBP LIBOR...

... which is used by the Available Income Funds Priority of Payments

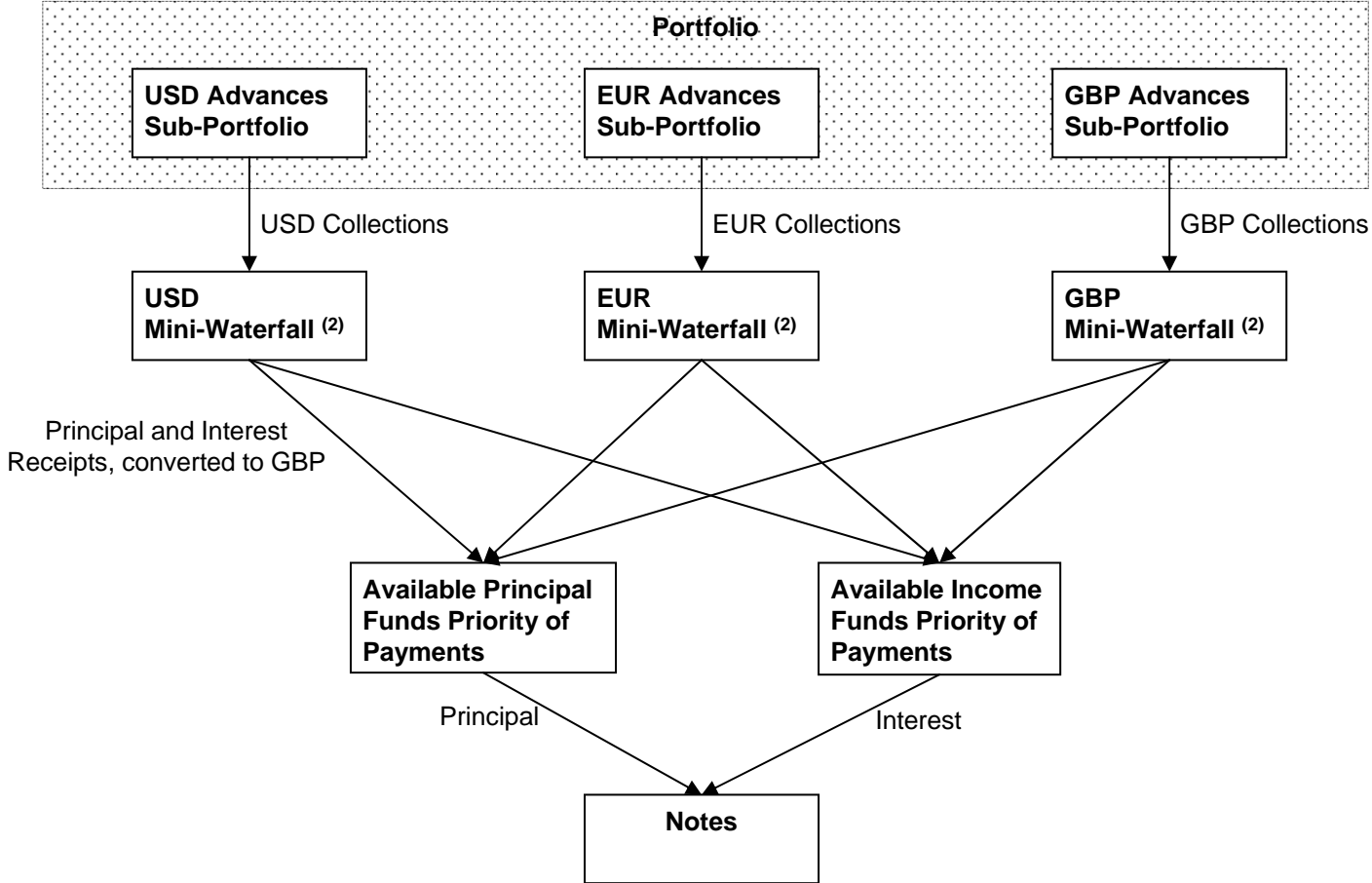


- Metrix Funding will benefit from Basis Swaps and Cross-Currency swaps at the asset level ⁽¹⁾
- The purpose of the Basis Swaps is to swap the index component of asset interest to 3 month LIBOR ⁽¹⁾
 - There will be three Basis Swaps, one for each of GBP, EUR and USD
 - Metrix will pay the component of asset interest derived from various indices (e.g. 7 day LIBOR, 1 month LIBOR, etc.) with various reset dates
 - Metrix will receive 3 month LIBOR (or EURIBOR for the EUR assets) with appropriate reset dates
- The purpose of the Asset Cross-Currency Swaps is to convert the USD and EUR cashflows generated from the respective assets into GBP cashflows ⁽¹⁾
 - There will be two Asset Cross-Currency Swaps, one for the USD assets and one for the EUR assets
- They will convert both the Interest and Principal on the portfolio into GBP ⁽¹⁾

⁽¹⁾ See Section "Transaction Cashflows", sub-section "Swap Agreements"

Overview of Cashflow Structure (1)

Collections of Principal and Interest from the assets are run through a Mini-Waterfall (2) for each currency...
 ...converting the collections into GBP principal and interest amounts...
 ...which are applied to the Available Principal Funds Priority of Payments and Available Income Funds Priority of Payments



(1) See Section "Transaction Cashflows"
 (2) Mini-Waterfall is elsewhere also referred to as "Asset Funding Priorities of Payments"

Overview of Cashflow Structure ⁽¹⁾

The amalgamated GBP cashflows generated by each currency's portfolio...
...are applied to the Available Principal Funds and Available Income Funds Priorities of Payment...
...with Liquidity Facilities and Substitution mechanisms also being implemented

- For each currency (USD, GBP and EUR) there is a 'Mini Waterfall' ⁽²⁾ to which all collections in the relevant currency are applied
 - All three Mini-Waterfalls separate out Interest and Principal receipts ⁽²⁾
 - The USD and EUR Mini-Waterfalls feed into the USD and EUR Asset Cross-Currency Swaps ⁽²⁾
- Aggregate Principal Funds coming out of the Mini-Waterfalls are applied to the Available Principal Funds Priority of Payments and Aggregate Income Funds coming out of the Mini-Waterfalls are applied to the Available Income Funds Priority of Payments ⁽²⁾
- Losses on the portfolio are allocated to Principal Deficiency Ledgers, which are used to divert interest cashflows to make up for principal losses
- Liquidity Facilities are provided in EUR, USD and GBP, to support the USD and EUR Mini-Waterfall as well as the Available Income Funds Priority of Payments
- During the substitution period, principal receipts may be retained and used to acquire replacement assets rather than applied to the Available Principal Funds Priority of Payments

(1) See Section "Transaction Cashflows"

(2) Mini-Waterfalls are elsewhere also referred to as "Asset Funding Priorities of Payments"

Liquidity Facilities

Liquidity Facilities are available to the transaction in USD and EUR as well as GBP...

... helping to ensuring that the Asset Swaps are protected from delinquencies

...

... and that timely interest on the notes is paid

- There are three Liquidity Facilities available to Metrix Funding ⁽¹⁾
- The USD and EUR Liquidity Facilities are ⁽¹⁾
 - available only for the USD and EUR Mini-Waterfalls to support interest payments to the Asset Cross-Currency Swaps
 - limited to the Anticipated Recovery Amount of delinquent assets in the USD or EUR (respectively) Sub-Portfolios
 - repaid by asset cashflows from the USD and EUR sub-portfolios, and ultimately by drawing of the Central Liquidity Facility if necessary
- The Sterling Central Liquidity Facility is ⁽¹⁾
 - denominated in GBP
 - available to make up for shortfalls in principal or interest in the Mini-Waterfalls⁽²⁾
 - available to repay the USD and EUR Liquidity Facilities as required
 - available to make up for shortfalls in the Available Income Funds Priority of Payments (subject to various tests)
 - repaid by Available Principal Funds on a senior basis
 - repaid by Available Income Funds to the extent necessary (subject to various tests being failed)

(1) See Section "Transaction Cashflows", sub-section "Liquidity Facilities"

(2) Mini-Waterfalls are elsewhere also referred to as "Asset Funding Priorities of Payments"

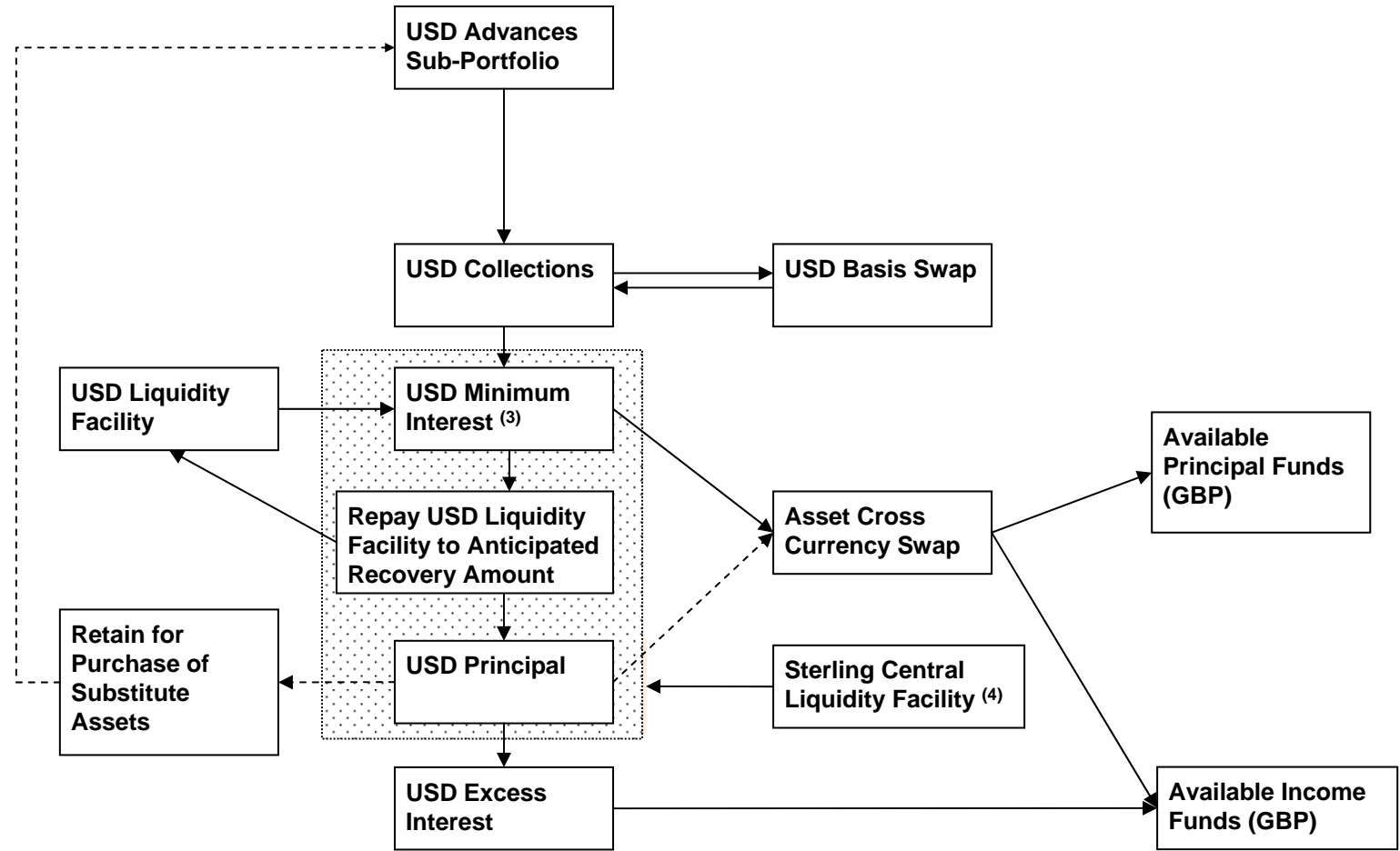
Currency Mini-Waterfall (USD example) ⁽¹⁾

There is a Mini-Waterfall ⁽²⁾ in each of of GBP, USD and EUR

The USD Mini-Waterfall ⁽²⁾ is shown here as an illustration

The EUR Mini-Waterfall ⁽²⁾ is essentially identical to the USD apart from the currency

The GBP Mini-Waterfall ⁽²⁾ is slightly different because there is no GBP Asset Cross-Currency Swap and no GBP Liquidity Facility



(1) See Section "Transaction Cashflows", sub-section "Asset Funding Priority of Payments"

(2) Mini-Waterfalls are elsewhere also referred to as "Asset Funding Priorities of Payments"

(3) USD Minimum Interest refers to the interest due to the USD Asset Swap; see Section "Transaction Cashflows", sub-section "Asset Funding Priority of Payments"

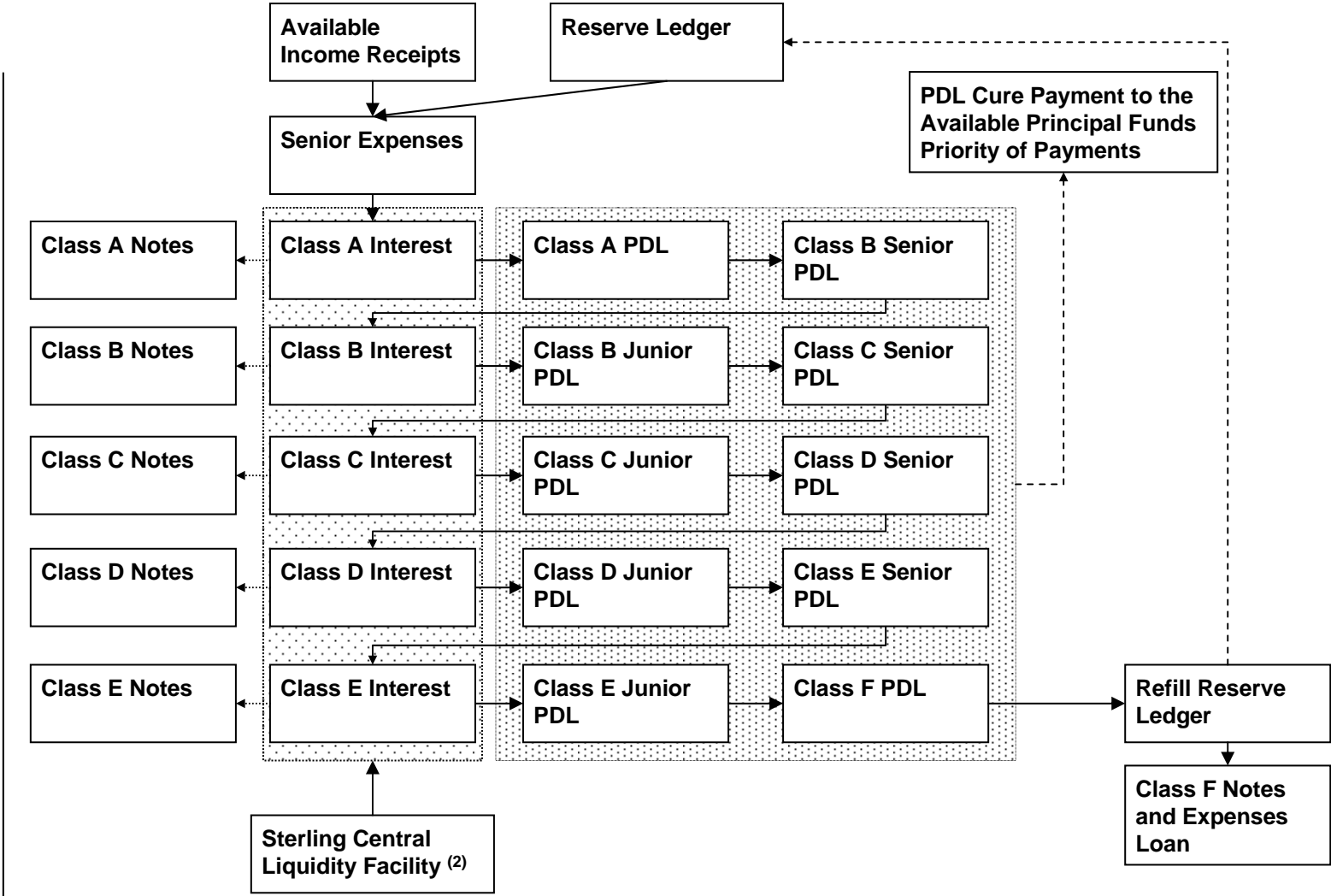
(4) Also refers to the Liquidity Reserve Ledger, if applicable

Available Income Funds Priority of Payments ⁽¹⁾

Available Income Receipts will be applied to pay interest and cure Principal Deficiencies

Additionally under various circumstances, Available Income Receipts may be used to repay the Liquidity Facility

Cure payments for Principal Deficiencies are applied to the Available Principal Funds Priority of Payments

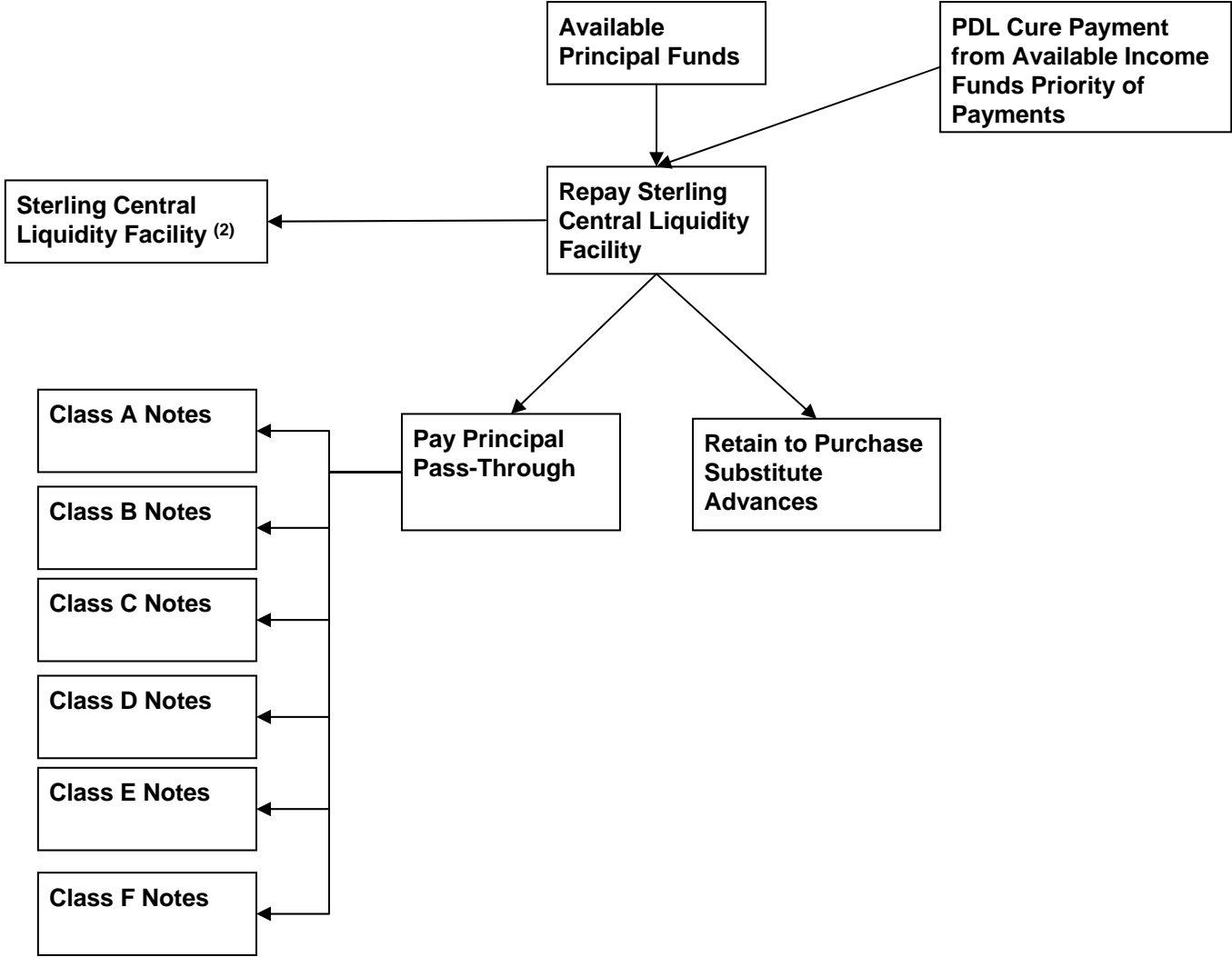


(1) See Section "Transaction Cashflows", sub-section "Available Income Funds Priority of Payments"

(2) References to the repayment of the Sterling Central Liquidity Facility through the Available Income Funds Priority of Payments have been omitted from this diagram for the sake of clarity; also refers to the Liquidity Reserve Ledger, if applicable

Available Principal Funds Priority of Payments ⁽¹⁾

Available Principal Funds are first used to repay any drawings under the Sterling Central Liquidity Facility (or the Liquidity Reserve). Remaining Available Principal Funds may be retained to purchase Substitute Advances or paid through to the notes.



(1) See Section "Transaction Cashflows", sub-section "Available Principal Funds Priority of Payments"
 (2) Also refers to the Liquidity Reserve Ledger, if applicable

Transaction Analytics

Summary of Assumptions

Assumptions ⁽¹⁾	
The following assumptions were made in determining the Breakeven Default Rates; addition assumptions were also made:	
1	The portfolio is comprised of approximately 50% GBP Advances, 25% EUR Advances and 25% USD Advances
2	Interest on the underlying collateral is received in the middle of each period
3	The portfolio remains fully invested until the occurrence of a Substitution Period End Trigger
4	Recoveries on defaulted advances are 40% of par and are received 2 years after default
5	Repayments occur at the specified repayment rate; any outstanding advances repay on the interest payment date falling immediately subsequent to the tenth anniversary of the Closing Date
6	No clean up call is exercised
7	Defaults occur in the middle of each period. Defaults are spread evenly over periods 1 to 12 (Repayment rates 2.5%, 5.0%, 7.5%) or over periods 1 to 8 (Repayments rates 10.0%, 12.5%)
8	Initial note balances are Class A (GBP 1,700mm), Class B (GBP 70mm), Class C (GBP 70mm), Class D (GBP 70mm), Class E (GBP 50mm), Class F (GBP 40mm)
9	Appropriate assumptions have been made about note spreads
10	Asset spreads are at current portfolio level in year 1, dropping to 0.40% by the 6 th payment date
11	Defaults are spread pro-rata across the GBP, EUR and USD portfolios
12	Interest rates used have been implicitly deduced from relevant forward rates

(1) See Section "Illustrative Breakeven Default Rate Analysis"

Results

Illustrative Breakeven Default Rate for Stable GBP ⁽¹⁾					
Notes					
Repayment Rate per Month	Class A	Class B	Class C	Class D	Class E
2.5%	26.6%	21.4%	16.0%	10.5%	6.8%
5.0%	26.4%	21.0%	15.8%	10.4%	6.6%
7.5%	26.2%	21.0%	15.7%	10.3%	6.7%
10.0%	26.3%	20.9%	15.6%	10.3%	6.6%
12.5%	26.2%	20.9%	15.5%	10.3%	6.7%

(1) See Section "Illustrative Breakeven Default Rate Analysis"

Appendix I - Sample Portfolio Stratification

Sample Portfolio Statistics and Stratifications (1)

These statistics and stratifications refer to a sample portfolio cut from the pool of eligible advances on 31 August 2005

Characteristics of Sample Securitised Advances ⁽¹⁾	
Outstanding Balance of Sample Securitised Advances (GBP Equivalent)	1,992,196,367
Number of Sample Securitised Advances	252
Number of Borrowers	99
Largest Sample Securitised Advance (GBP Equivalent)	49,496,238
Smallest Sample Securitised Advance (GBP Equivalent)	147,753
Average Sample Securitised Advance (GBP Equivalent)	7,905,541
Weighted Average Interest Margin on Sample Securitised Advances (%)	0.68%
Weighted Average Remaining Term to Loan Facility Maturity (months) in respect of Loan Facilities under which Sample Securitised Advances are drawn	40

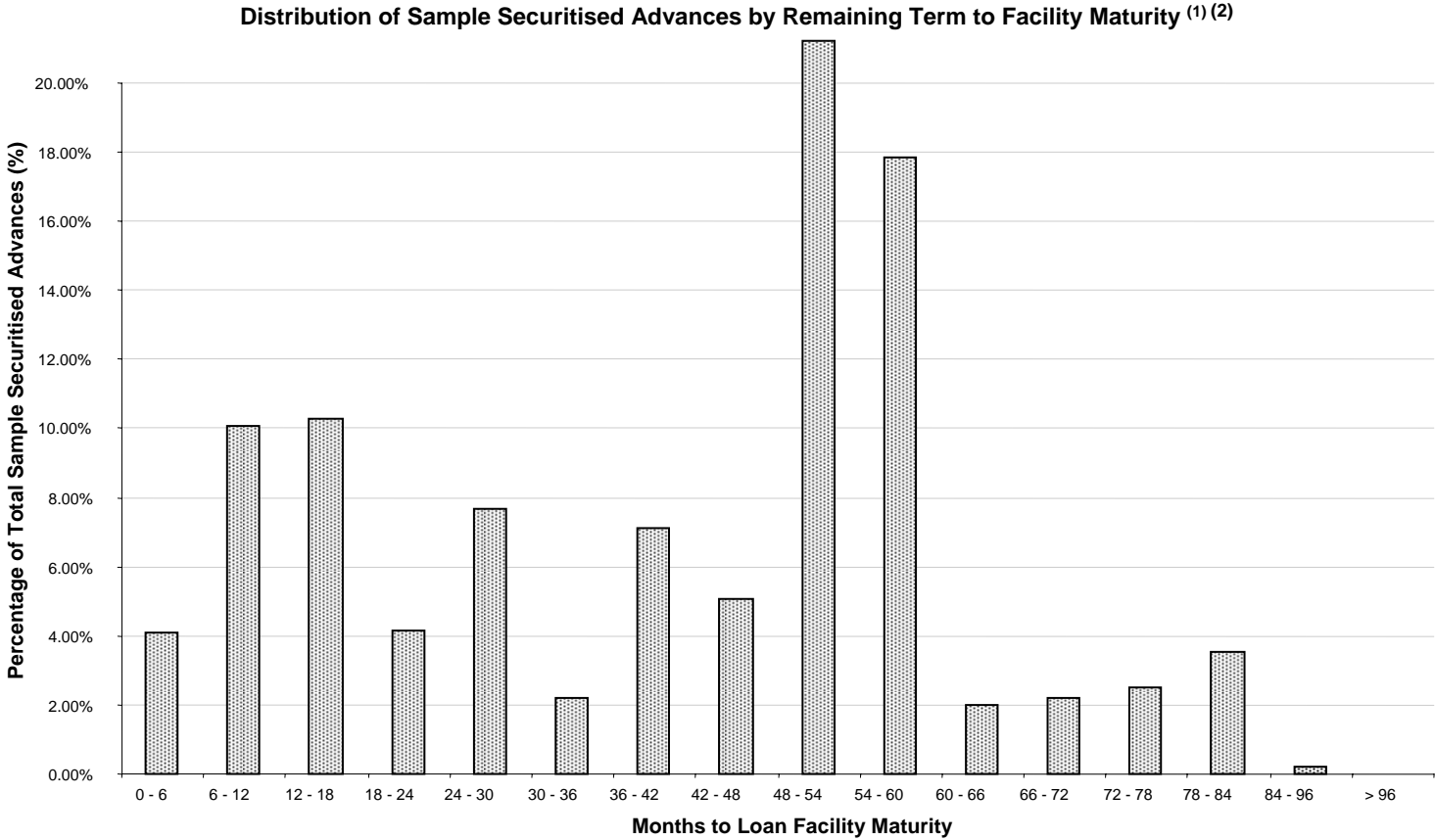
Distribution of Sample Securitised Advances by currency and Weighted Average Margin ⁽²⁾				
Currency	Number of Advances	Amount (GBP Equiv)	Percentage of Total Sample Securitised Advances (%)	Weighted Average Margin
GBP	90	999,817,329	50.19%	0.82%
USD	73	492,500,771	24.72%	0.58%
EUR	89	499,878,267	25.09%	0.50%
	252	1,992,196,367		0.68%

(1) See Section "Loan Portfolio", sub-section "Characteristics of the Sample Securitised Advances "

(2) See Section "Loan Portfolio", sub-section "Distribution of Sample Securitised Advances by currency and Weighted Average Margin"

(3) USD & EUR converted into GBP at exchange rates of 1.8041 and 1.4612 respectively

Sample Portfolio Statistics and Stratifications (2)



(1) See Section "Loan Portfolio", sub-section "Distribution of Sample Securitised Advances by Remaining Term to Facility Maturity"

(2) USD & EUR converted into GBP at exchange rates of 1.8041 and 1.4612 respectively

Sample Portfolio Statistics and Stratifications (3)

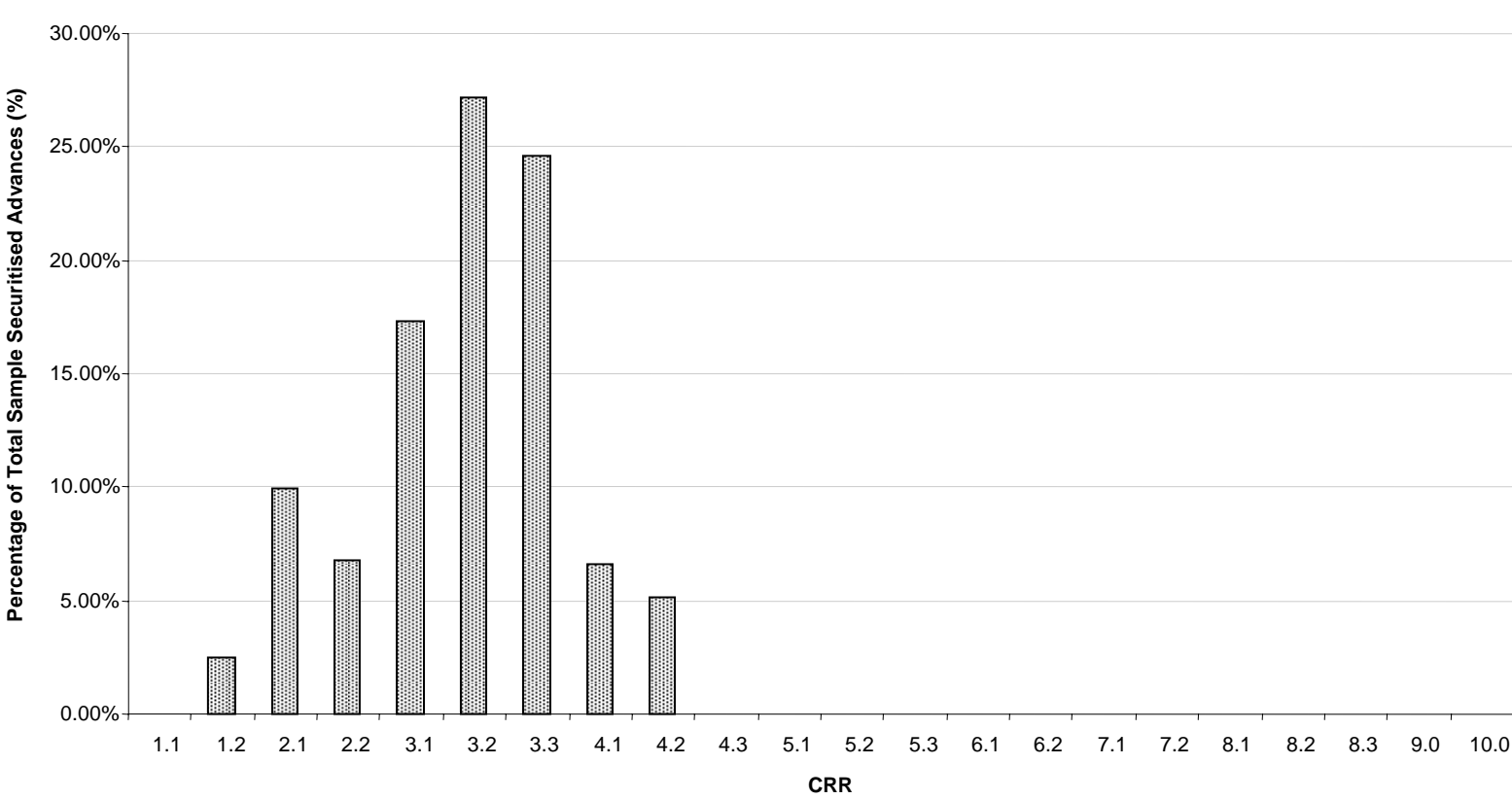
Distribution of Sample Securitised Advances by Borrower ^{(1) (2)}						
Total Sample Securitised Advances by Borrower (£)			Number of Borrowers	Total Sample Securitised Advances (£)	Average Outstanding per Borrower (£)	Percentage of Total Sample Securitised Advances (%)
-	-	5,000,000	18	55,049,254	3,058,292	2.76%
5,000,000	-	10,000,000	16	115,185,349	7,199,084	5.78%
10,000,000	-	15,000,000	10	121,195,658	12,119,566	6.08%
15,000,000	-	20,000,000	12	210,996,006	17,583,000	10.59%
20,000,000	-	25,000,000	9	210,226,467	23,358,496	10.55%
25,000,000	-	30,000,000	8	219,795,712	27,474,464	11.03%
30,000,000	-	35,000,000	6	198,604,484	33,100,747	9.97%
35,000,000	-	40,000,000	6	222,229,387	37,038,231	11.15%
40,000,000	-	45,000,000	6	251,212,500	41,868,750	12.61%
45,000,000	-	50,000,000	8	387,701,549	48,462,694	19.46%
	>	50,000,000	-	-	-	0.00%
			99	1,992,196,367	20,123,196	

(1) See Section "Loan Portfolio", sub-section "Distribution of Sample Securitised Advances by Borrower"

(2) USD & EUR converted into GBP at exchange rates of 1.8041 and 1.4612 respectively

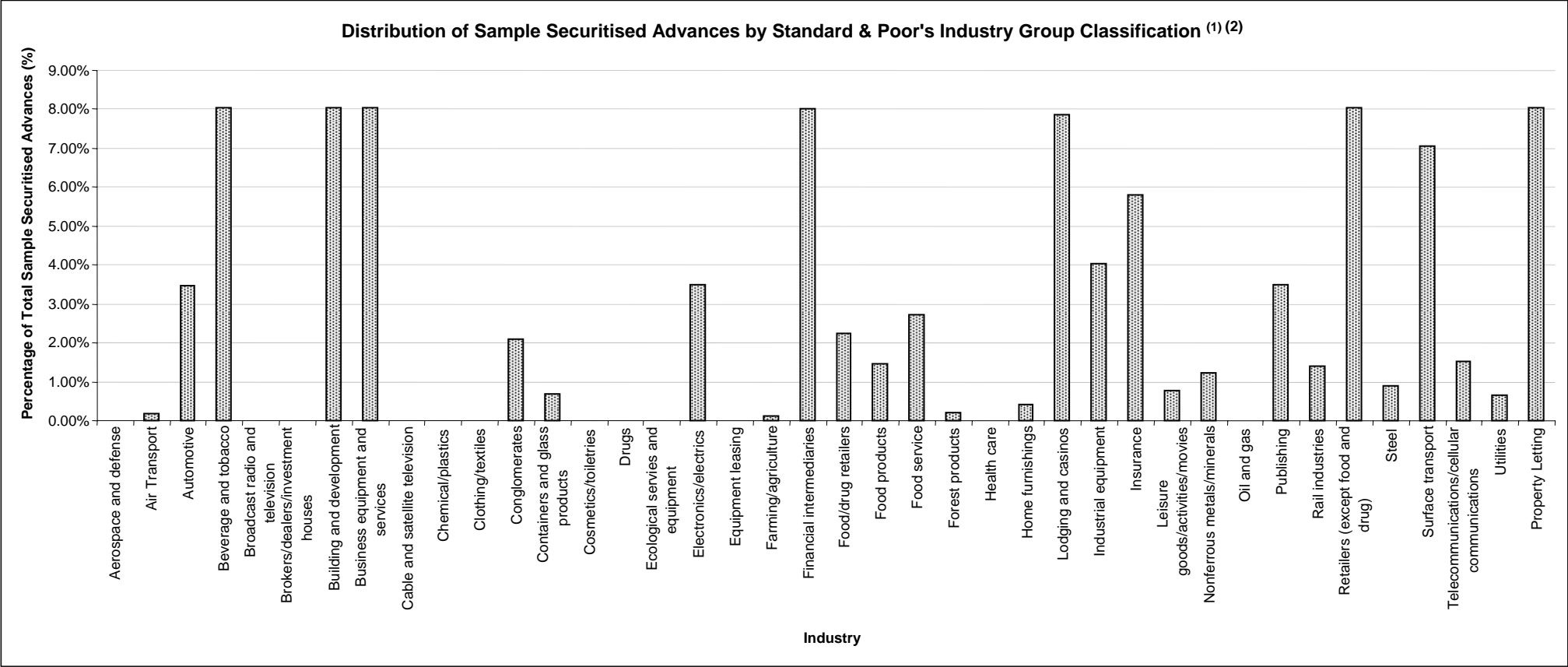
Sample Portfolio Statistics and Stratifications (4)

Distribution of Sample Securitised Advances by CRR ⁽¹⁾ ⁽²⁾



(1) See Section "Loan Portfolio", sub-section "Distribution of Sample Securitised Advances by CRR"
(2) USD & EUR converted into GBP at exchange rates of 1.8041 and 1.4612 respectively

Sample Portfolio Statistics and Stratifications (5)



(1) See Section "Loan Portfolio", sub-section "Distribution of Sample Securitised Advances by Standard and Poor's Industry Group Classification"

(2) USD & EUR converted into GBP at exchange rates of 1.8041 and 1.4612 respectively

Illustrative Portfolio Statistics and Stratifications (6)

Distribution of Sample Securitised Advances by Borrower Country of Incorporation ^{(1) (2)}				
				Percentage of Total Sample Securitised Advances (%)
	Country	Number of Advances	Amount (GBP Equiv	
GB	United Kingdom	209	1,598,004,539	80.21%
VG	British Virgin Islands	7	53,239,673	2.67%
JE	Jersey	6	62,030,074	3.11%
BM	Bermuda	5	86,024,283	4.32%
NL	Netherlands	25	192,897,799	9.68%
		252	1,992,196,367	

(1) See Section "Loan Portfolio", sub-section "Distribution of Sample Securitised Advances by Borrower Country of Incorporation"

(2) USD & EUR converted into GBP at exchange rates of 1.8041 and 1.4612 respectively

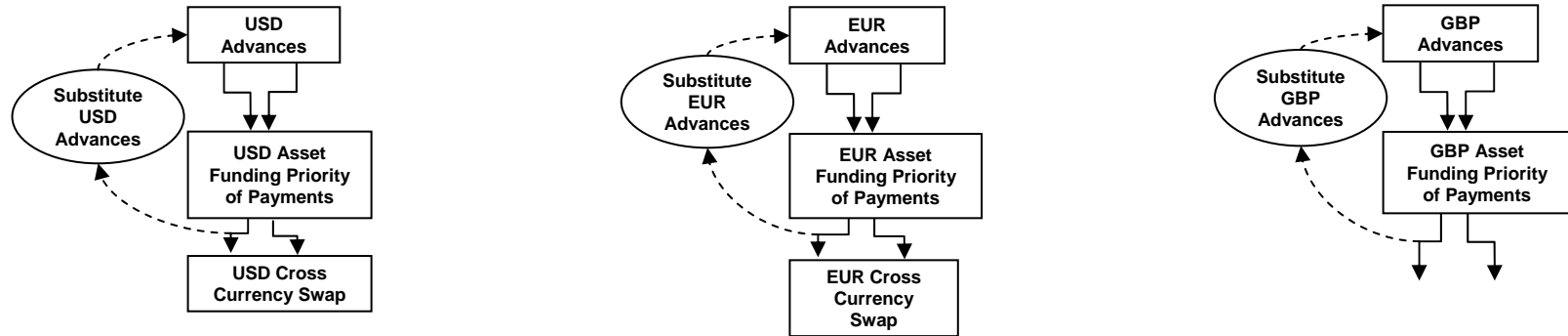
Appendix II - Progressive Structure Diagram

Progressive Structure – Diagram 1 (1)

There will be a mini-waterfall in each of USD, EUR and GBP

For the USD and EUR these described the allocation of principal and interest from Collections from the Securitised Advances

The USD and EUR principal and interest amounts are paid into the relevant Asset Cross-Currency Swap



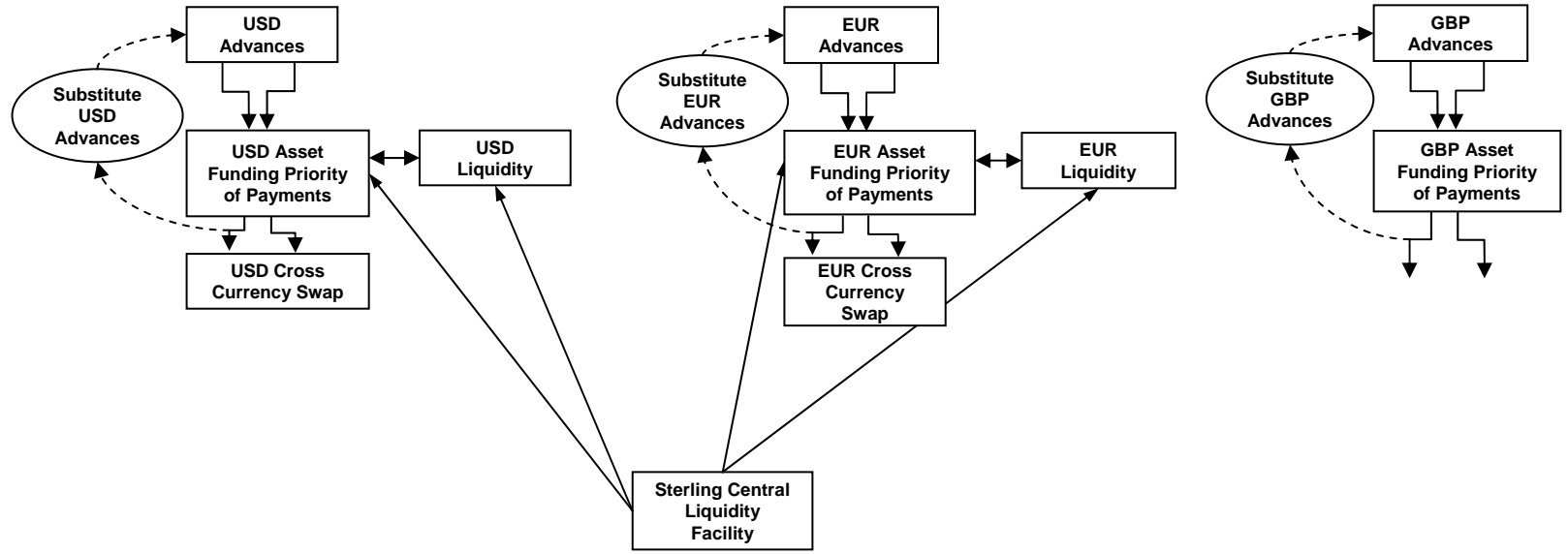
(1) See Section "Transaction Cashflows"

(2) Mini-Waterfalls are elsewhere also referred to as "Asset Funding Priorities of Payments"

Progressive Structure – Diagram 2 (1)

The USD and EUR mini-waterfalls will be supported by USD and EUR Liquidity Facilities respectively

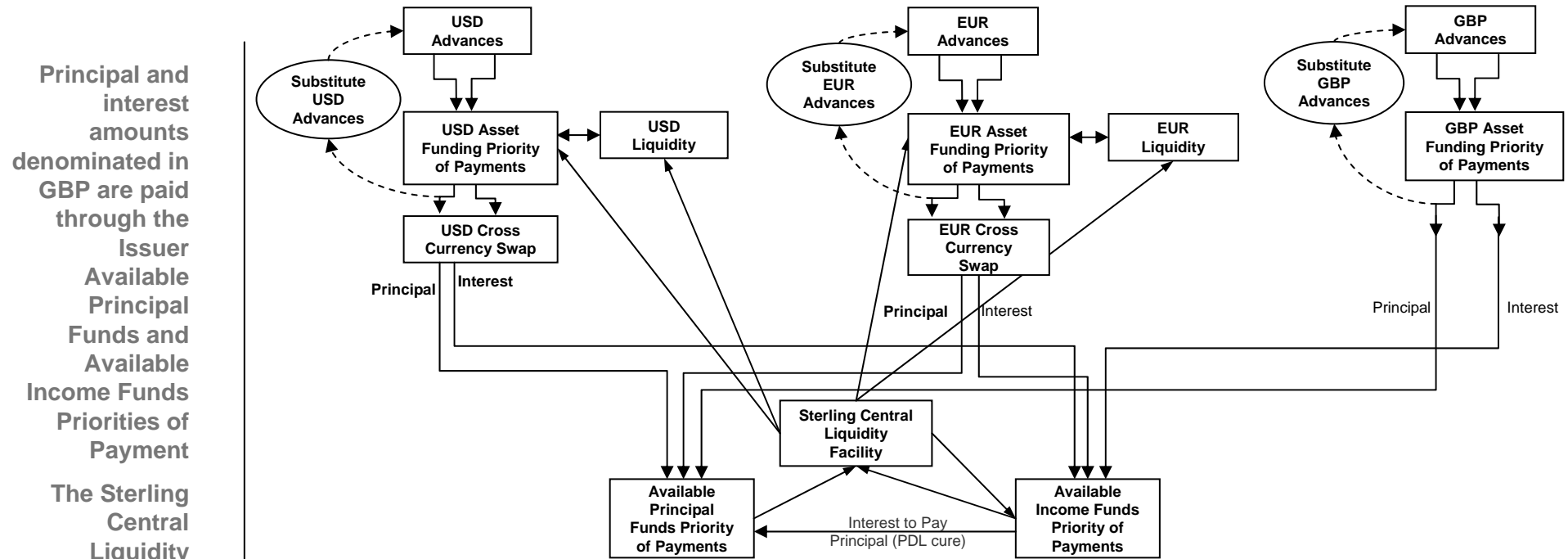
The Sterling Central Liquidity Facility will provide back-up support



(1) See Section "Transaction Cashflows"

(2) Mini-Waterfalls are elsewhere also referred to as "Asset Funding Priorities of Payments"

Progressive Structure – Diagram 3 (1)

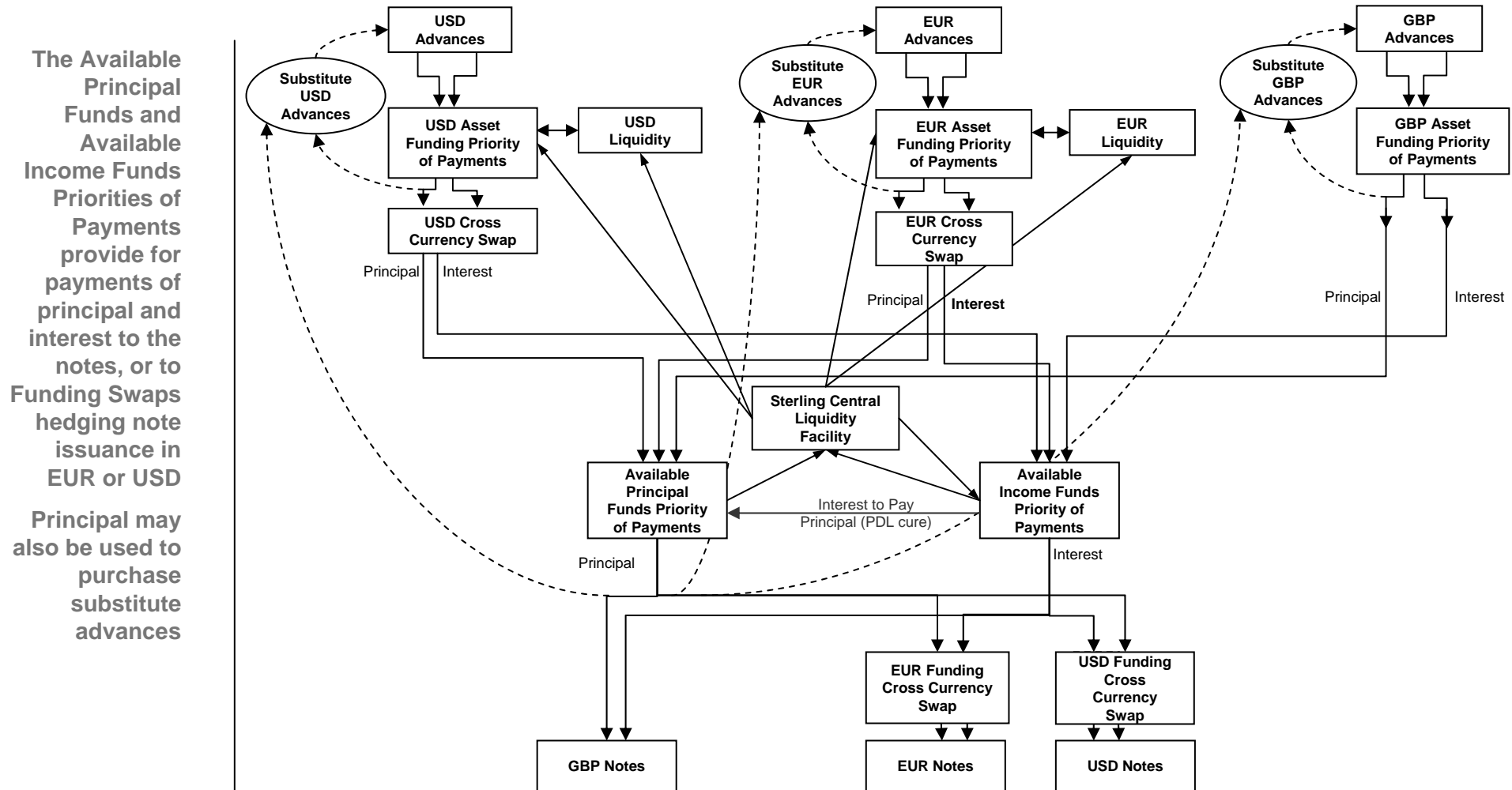


Principal and interest amounts denominated in GBP are paid through the Issuer Available Principal Funds and Available Income Funds Priorities of Payment

The Sterling Central Liquidity Facility is also able to support the Available Income Funds Priority of Payments

(1) See Section "Transaction Cashflows"

Progressive Structure – Diagram 4 (1)



(1) See Section "Transaction Cashflows"

Appendix III – Illustrative Breakeven Default Rate Analysis

Summary of Assumptions

Assumptions ⁽¹⁾	
The following assumptions were made in determining the Breakeven Default Rates; additional assumptions were also made:	
1	The portfolio is comprised of approximately 50% GBP Advances, 25% EUR Advances and 25% USD Advances
2	Interest on the underlying collateral is received in the middle of each period
3	The portfolio remains fully invested until the occurrence of a Substitution Period End Trigger
4	Recoveries on defaulted advances are 40% of par and are received 2 years after default
5	Repayments occur at the specified repayment rate; any outstanding advances repay on the interest payment date falling immediately subsequent to the tenth anniversary of the Closing Date
6	No clean up call is exercised
7	Defaults occur in the middle of each period. Defaults are spread evenly over periods 1 to 12 (Repayment rates 2.5%, 5.0%, 7.5%) or over periods 1 to 8 (Repayments rates 10.0%, 12.5%)
8	Initial note balances are Class A (GBP 1,700mm), Class B (GBP 70mm), Class C (GBP 70mm), Class D (GBP 70mm), Class E (GBP 50mm), Class F (GBP 40mm)
9	Appropriate assumptions have been made about note spreads
10	Asset spreads are at current portfolio level in year 1, dropping to 0.40% by the 6 th payment date
11	Defaults are spread pro-rata across the GBP, EUR and USD portfolios
12	Interest rates used have been implicitly deduced from relevant forward rates

(1) See Section "Illustrative Breakeven Default Rate Analysis"

Results (1)

Illustrative Breakeven Default Rate for Stable GBP ⁽¹⁾					
Notes					
Repayment Rate per Month	Class A	Class B	Class C	Class D	Class E
2.5%	26.6%	21.4%	16.0%	10.5%	6.8%
5.0%	26.4%	21.0%	15.8%	10.4%	6.6%
7.5%	26.2%	21.0%	15.7%	10.3%	6.7%
10.0%	26.3%	20.9%	15.6%	10.3%	6.6%
12.5%	26.2%	20.9%	15.5%	10.3%	6.7%

(1) See Section "Illustrative Breakeven Default Rate Analysis"

Results (2)

Illustrative Breakeven Default Rate for 10% devaluation of GBP ⁽¹⁾					
Notes					
Repayment Rate per Month	Class A	Class B	Class C	Class D	Class E
2.5%	25.5%	20.4%	15.3%	10.1%	6.5%
5.0%	25.2%	20.1%	15.0%	9.9%	6.3%
7.5%	25.1%	20.0%	15.0%	9.9%	6.4%
10.0%	25.1%	20.0%	14.8%	9.8%	6.3%
12.5%	25.1%	20.0%	14.8%	9.8%	6.4%

(1) See Section "Illustrative Breakeven Default Rate Analysis"

Results (3)

Illustrative Breakeven Default Rate for 10% appreciation of GBP ⁽¹⁾					
Notes					
Repayment Rate per Month	Class A	Class B	Class C	Class D	Class E
2.5%	28.3%	22.7%	17.0%	11.2%	7.1%
5.0%	28.1%	22.4%	16.8%	11.0%	7.0%
7.5%	27.8%	22.3%	16.7%	11.0%	7.1%
10.0%	27.8%	22.2%	16.7%	11.0%	7.0%
12.5%	27.8%	22.1%	16.6%	11.0%	7.1%

(1) See Section "Illustrative Breakeven Default Rate Analysis"

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